ROLE OF PRIVATE VOLUNTARY ORGANIZATIONS IN THE U.S. FOREIGN ASSISTANCE PROGRAM

HEARING

BEFORE THE

SELECT COMMITTEE ON HUNGER
HOUSE OF REPRESENTATIVES

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

HEARING HELD IN WASHINGTON, DC, MAY 23, 1989

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ROLE OF PRIVATE VOLUNTARY ORGANIZATIONS IN THE U.S. FOREIGN ASSISTANCE PROGRAM

TUESDAY, MAY 23, 1989

SELECT COMMITTEE ON HUNGER,
Washington, DC.

The committee met, pursuant to notice, at 2:20 p.m., in room 210, Cannon House Office Building, Hon. Mickey Leland [chairman] presiding.

Members present: Representatives Dorgan, Penny, Flake, McNulty, Emerson, Smith, Upton, and Herger.

OPENING STATEMENT OF HON. MICKEY LELAND, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Chairman LELAND. Good afternoon. This hearing is being conducted as an effort of the Select Committee on Hunger to examine an issue of central importance to the alleviation of world hunger.

We will be looking at the role that is being played by private voluntary organizations in the U.S. Foreign Assistance Program. We are particularly interested in learning about the kind of cooperation that takes place between private voluntary organizations and the U.S. Agency for International Development in undertaking development assistance activities and how this relationship can be strengthened to achieve just and sustainable development goals worldwide.

As we face what can only be called a global crisis in long term development, an assessment of the effectiveness of the relationship between private voluntary organizations and A.I.D. is of unquestionable importance.

This crisis has evolved as an unmanageable burden of foreign debt and a worldwide recession which has cut economic growth in half in developing countries during the 1980's. The economic slowdown has brought increased poverty and severe reductions in living standards to the populations of these countries, further threatening the basis for future growth.

For example, in more than half of the least developed countries, daily caloric consumption has steadily decreased during the 1980's. During this same period, the number of poor people in Latin America increased 25 percent.

Half of the developing world lacks safe drinking water and 40,000 children die each day from preventable diseases. Environmental degradation emerges as another dimension of the development crisis when people in developing countries over-utilize rain

forest and over-plant crop land as they desperately search for the income to raise living standards, and as their governments scramble for funds to repay international debt.

The economic stagnation and environmental degradation which characterize the crisis in long term development spells not only disastrous consequences for the developing world, but also severe and immediate threats to the social, economic, and political health of the United States.

The challenges presented by mounting evidence of what some have termed "development failure" clearly require evaluation of the strategies employed by the principal parties engaged in raising the standard of living of the world's poor and promoting development.

Private voluntary organizations have traditionally provided leadership in successfully identifying and meeting the needs of the poor in ways not possible for official aid agencies.

Over the past 20 years, as private voluntary organizations have moved beyond relief assistance and into the development field, A.I.D. has assumed an increasing role in financing and influencing the activities of private voluntary organizations.

We look forward to the testimony of our witnesses on the benefits and/or problems that arise from this relationship and how the respective roles of A.I.D. and the private voluntary organizations may need to be redefined or realigned in order to realize sustainable and equitable development goals abroad.

[The prepared statement of Mr. Leland appears at the conclusion of the hearing, see p. 29.]

Chairman LELAND. Let me now introduce our first witness. We welcome Mr. Richard Bissell as our first witness.

Mr. Bissell serves as Assistant Administrator for Program and Policy Coordination at the U.S. Agency for International Development.

In this capacity, he is responsible for the formulation of A.I.D. policy on private voluntary organizations. Mr. Bissell, we would appreciate it if you would summarize your testimony and we will certainly enter the full text of your statement into the record for the purpose of clarity.

Before Mr. Bissell begins, let me say that the committee fully recognizes the contributions made by the private voluntary organizations as was stated, and appreciates the work that they have done, arduously trodding through politics and bureaucratic redtape among other obstacles in order to improve conditions for the poor and suffering, particularly in Third World.

Mr. Bissell, we want to certainly thank you for your generous commitment and presentation here this afternoon. You may proceed.

STATEMENT OF RICHARD E. BISSELL, ASSISTANT ADMINISTRATOR, PROGRAM AND POLICY COORDINATION, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. BISSELL. Thank you very much, Mr. Chairman. I appreciate the opportunity to speak to you this afternoon. The subject is important not only to me, but to the Agency as a whole, given our

belief that the private voluntary organizations have an important and integral role to play in the economic development in the developing countries.

I do have a prepared text. I appreciate your willingness to insert it into the record. I would like to highlight a few points for you in order to launch this conversation about the role of private voluntary organizations.

From our perspective, these institutions do constitute a vital component of the U.S. Foreign Assistance Program. As Ambassador Woods, our administrator, so succinctly stated before the Foreign Relations Committee recently, "A.I.D. could not operate without private voluntary organizations."

In our history and in our future, we see private voluntary organizations playing a crucial role. From our perspective, this partnership is destined to expand even more in the years ahead.

Vast numbers confirm the trend of the growing involvement of PVO's in A.I.D. programming. In fiscal year 1988, A.I.D. obligated $451 million in support of PVO programs, compared to $234 million 8 years ago. Hence, in the last 8 years, our level of involvement with, and support for, PVO's has almost doubled.

Our ties with the PVO community are based on a number of factors. Additional resources are leveraged by PVO's through private sources—they now generate more than $2.2 billion per year in private contributions. The maturation of PVO's over the past 20 years has served to increase the quality and impact of their contributions of human and institutional development. Additional factors include: the specialization of many PVO's and their ability to recruit and place experts in the field; their cost effectiveness in terms of relatively low overhead and lean operating styles; the apolitical nature of their assistance allowing them to provide needed assistance in politically charged areas of the world.

Perhaps most important is their ability to coordinate with their nongovernmental counterparts in the field using together internal and external private voluntary forces, thereby enhancing prospects for real and sustainable progress on the economic front.

While the list of these capabilities of PVO's continues to expand, and becomes increasingly more diverse, A.I.D. will continue to look to the PVO's to assist with a function we are all familiar with, disaster relief.

PVO's have provided a critical network in the distribution of emergency food aid and other relief supplies. They also are the principal agents of our orphans and displaced children assistance activities in Africa.

Again, the numbers reveal a marked increase in A.I.D. and PVO collaboration on this humanitarian front. In 1985, $7.6 million was channeled to PVO's through A.I.D.'s Office of Foreign Disaster Assistance. Just 3 years later in 1988, this figure had risen to $15.9 million.

In preparing for the future, many PVO's have turned their attention to strategic planning, monitoring, and evaluation to strengthen their skills in project design, management, and implementation, by themselves and by local organizations. A.I.D. is assisting them in this effort by furnishing technical assistance training necessary for the PVO's to increase their cadre of technically

competent personnel. As an example, A.I.D. funds a cadre of private sector, technical consultants such as WASH and the Experiment of International Living.

This technical expertise is made available free of charge to PVO's. These consultants offer technical training and management assistance in a range of development sectors including natural resource management, commodity management, sanitation, and microenterprise.

A.I.D. also helps PVO's to develop a clearly defined development strategy and assist in building the institutional capacity to effectively execute these plans. They are also encouraging PVO's to strengthen their links to host country, nongovernmental organizations.

In their efforts to create, foster, and nurture autonomous local institutions, U.S. PVO's must call upon sophisticated organizational and management skills, skills which A.I.D. has committed to help build.

A.I.D. is also concentrating along with the PVO's on the integration of women into the development process. Through the creation of an Agency plan in 1988, methods have been refined to more fully incorporate women's development concerns in the overall program and project activities of PVO's.

A.I.D. provided funds last year for the Center for Population Development Activities to strengthen the management skills of women managers in developing countries. The first training workshop, for example, involved 17 mid-level women managers involved in health, family planning, and income generation programs in Latin American countries.

These workshops serve two important purposes. They bring women managers who are directly involved in development programs for women in their own countries together to exchange ideas and enhance organizational skills, and they redress the historical bias for male participation and international training opportunities.

As we look to the future, we see several changes ahead. The developing countries are undergoing change as many are embarking upon bold new courses of policy reform and economic adjustment. A.I.D., along with bilateral and multilateral donors, is also undergoing change.

As we examine our successes and failures, we must make adjustments which are brought about by tight budgets in a shifting world environment. The PVO's are changing as well, adapting their talents to the present conditions of developing countries and helping to bridge the gap in long-term structural adjustment and short-term human needs.

In light of these changes, we all need to re-examine our approaches and better target our efforts. The Congress, the administration, the PVO's have all been deeply engaged in this process of rethinking, adjusting our approach to development assistance.

A myriad of thoughtful, reflective studies and reviews of the Foreign Assistance Program have been undertaken in the last 2 years. Building on these studies, the House Foreign Affairs Committee, under the leadership of Congressmen Hamilton and Gilman, con-

ducted their own review of the historical successes and failures of the program.

The House Foreign Affairs Committee began its mark-up of the new Foreign Assistance Act just this morning, and it is clearly too soon to predict the outcome of that exercise. However, it is possible for me to state that regardless of the outcome, our relationship with the PVO's will continue to evolve and expand—one, because A.I.D. is dependent upon the PVO's to implement and guide our activities, and two, because the PVO's are dependent upon A.I.D. to provide needed funding and technical support.

I think our partnership is solid. It is a partnership to which A.I.D. attaches great importance. I welcome your questions, Mr. Chairman.

[The prepared statement of Mr. Bissell appears at the conclusion of the hearing, see p. 31.]

Chairman LELAND. Thank you very much, Mr. Bissell. Let me turn to my colleague, the vice chairman of the committee, Mr. Emerson, and see if he has an opening statement as well as questions.

Mr. EMERSON. Mr. Chairman, I do have an opening statement. I apologize for my tardiness in arriving here. I will submit my prepared statement for the record, if I may, in an effort not to delay our proceedings. Thank you.

[The prepared statement of Mr. Emerson appears at the conclusion of the hearing, see p. 61.]

Chairman LELAND. Without objection, so ordered. Mr. Bissell, one of the commonly noted strengths of PVO's as facilitators of international development assistance is their commitment to meeting human needs and their detachment from governmental, political agendas as you have suggested in your testimony.

Consequently, unlike governmental entities, PVO's have been able to engage in development assistance on a people-to-people level and, thereby, enhance the ability of individuals and communities to solve their own problems.

How are these unique capabilities of PVO's compromised when A.I.D. relies on them as implementors of A.I.D.'s own programs as opposed to supporting PVO initiatives in development assistance?

Mr. BISSELL. You raised an important question, Mr. Chairman. I think the independence of PVO's is something that we all have an interest in maintaining. As a result, we have been very careful in our evolving partnership with PVO's. We work out rules with PVO's which allow them to pursue their own purposes as they also work in partnership with A.I.D. There are several ways this is developed.

First of all, we rely a good deal upon the proposals of PVO's themselves in terms of the development work we do. It is a fact of life that A.I.D. has much lower personnel levels now than we have had in our past. Even in the course of the last 10 years, our own personnel levels have declined by 20 percent. As a result, we don't have the kind of grassroots reach which PVO's themselves have.

As a result, as has been said by my administrator in the past, the PVO's are our ears, our fingers. They know what is going on among the grassroots in the developing country, so, we have to rely upon them to a great degree to enhance our own ability to reach out and meet those basic needs that you referred to.

We also, in the course of our own interaction with PVO's in terms of how funding occurs and how projects are implemented, go a long way toward ensuring that their independence is preserved. For instance, they provide a certain amount of funding to match with A.I.D. funding, depending upon the type of project or program.

We ensure that they, in fact, have their own independent base in doing this. It is part of preserving their independence that it is a collaborative process of agreement.

There is no question of PVO's doing work for A.I.D. that they would not want to do. Indeed, the identification of program efforts, which are frequently multiyear efforts, are ones in which they freely enter into, in sectors that they have identified as being important for grassroots development based on their experience and observations.

Chairman LELAND. Thank you. A.I.D.'s policy paper on PVO's requires the Agency to facilitate the participation of PVO's in the country development strategy process. How closely have A.I.D. field missions followed this directive?

Mr. BISSELL. A.I.D. field missions are required by A.I.D. regulations to consult with PVO's in the course of developing their country development strategy statements, which they do on a rolling 3 to 5 year basis for each A.I.D. country in which we operate.

They carry out these consultations generally in a fairly informal way. It is not a formal process with all of the PVO's working in a country, but rather consulting with those PVO's that are active in sectors in which A.I.D. expects to have major activities in subsequent years expressed in their CDSS document.

It is also, I might add, a process of consulting not only with the U.S. PVO's, but also with the indigenous PVO's in those countries. They provide us with a more realistic sense of what is going on in those areas as we are pursuing our own efforts in coordination with the host government.

To give you an example, it is terribly important as we work on a policy reform program in a specific country that there are not portions of the populations that are adversely or severely affected by those programs.

It is frequently through consultation with PVO's that we can best ascertain that that is so and missions are encouraged to do so. I think a well run mission does that. A mission that does not engage in consultations with PVO's is missing a very important element in terms of preparing an adequate CDSS, an adequate planning document for the Agency.

Chairman LELAND. I have a couple of follow-up questions. What are the most important contributions PVO's can bring to the country programming process and how much influence would PVO input have on the design of A.I.D. policy in each country or does it have any at all?

Mr. BISSELL. It is very hard for me to quantify what influence they would actually have on the final document, in large part, because there is a process of consultation that occurs between mission staff and resident PVO's in the country. Our strategy documents are, in fact, designed by the missions in country and at that point sent back to Washington. Therefore, the raw material that

comes together is very specific to a particular country, a particular mission.

This will vary a good deal country to country, in part because the presence of U.S. PVO's will vary considerably country to country. It also depends on the extent to which PVO's are active, as I mentioned before, in the specific sectors that are our principle concern.

I can't think of a single country, though, Mr. Chairman, in which there would not be consultation or where U.S. PVO's are not playing a role. What they bring to the table in each of those document development processes will vary and it will vary from sector to sector. It will vary depending upon the types of needs in a particular country and where U.S. PVO's are most active and most effective.

Chairman LELAND. Should there be more done to try to provide for better cooperation and coordination between PVO's and your field missions or is that not a problem at all?

Mr. BISSELL. My sense is that it is on the increase. It is a very difficult thing to mandate because the development of strategy documents inevitably involve conversations with a wide range of PVO's. Consultation has to be held with host governments. It has to be held within the U.S. Government. It involves private sector entities both on the PVO side as well as the profit side in order to provide what is really a general strategic map for the subsequent 3 to 5 years in both social and economic development, the very broad ranging kind of discussions in which, as I say, it is in the self-interest of any well managed mission to consult with and involve PVO's.

We are sensitive to that in Washington and it is the type of question that would come up in the review of a CDSS when it arrives in Washington. Any document that arrived, if it was insensitive to those types of issues that could be identified by PVO's, it would be severely questioned.

Chairman LELAND. How does the plan developed by A.I.D.'s Office of Private and Voluntary Cooperation propose to more fully incorporate women in development concerns and A.I.D.'s PVO program activities?

Mr. BISSELL. The effort to incorporate women in development into Agency activities, of course, is occurring across the board. Over the last 2 years, we have undertaken a process of strategic plan in each of the bureaus and, indeed, in each of the missions, to ensure that the kinds of mandates that have been given us by the Congress in this area are included. It has become Agency policy to fully incorporate women's development issues in each of the operating entities.

I happen to be personally aware of this because this is coordinated in my bureau, PPC, through the Office of Women Development.

This has involved to some degree discussing with PVO's who carry out a good deal of A.I.D.'s work. We cannot mandate that PVO's change the way in which they work, but I find that the PVO community is so sensitive to the issue of involving women in development that it is virtually an issue of preaching to the already initiated.

But the PVC office takes this area into account and I find that their strategy for doing so is a very appropriate one.

Chairman LELAND. Very good. I have some other questions, Mr. Bissell, but I think that considering the time that we have, I will have to submit them in writing and then ask that you would respond.

We will keep the record open for that purpose.

Mr. BISSELL. I would be happy to respond.

Chairman LELAND. Without objection. Thank you. The gentleman from Missouri.

Mr. EMERSON. Thank you, Mr. Chairman. Mr. Bissell, some critics have paraphrased that old quip about the Holy Roman Empire and applied it to private voluntary organizations, saying that they are not really private, are no longer voluntary, and are barely organized.

Taking each of these issues in turn, do you believe that the PVO's have become too dependent on Government funding and are not raising enough of their own money? Have the PVO's lost their voluntary nature and, instead, become a profession and a business and are they, in your view, properly managed and organized?

Mr. BISSELL. Congressman, I can reassure you on all three scores on what is generally happening in the world of PVO's. I have to preface that by saying that they are a very diverse, and appropriately diverse, group of organizations, so I am sure you might find a few particular examples that would reflect your concerns. But on average, I think that they are doing very well.

Let me explain a little if I can.

Mr. EMERSON. Let me interject that these are not necessarily my concerns. Those allegations have been made. I happen to believe that the PVO's, by and large, are doing an outstanding job, but I wanted your commentary because, frankly, I want to know how to handle these allegations when I hear them made.

I didn't mean to reflect any bias of mine in asking the question because that is not my bias, so I am just asking the question very objectively because from where you sit, you have an opportunity to make judgments that should bare on the answer.

Mr. BISSELL. Points well taken.

Mr. EMERSON. Thank you.

Mr. BISSELL. To me, they still carry a clear private character, and maintain this by virtue of certain safeguards. As you know, PVO's that work with A.I.D. have to raise 20 percent of their cash through private sources. Indeed, their average is well above 20 percent. They have shown a sustained capability over many decades to be able to do that, as seen in the aggregate figures which I cited in my testimony, through their ability to raise over $2 billion a year.

Particularly in the wake of the tax reform, that they are still able to raise these contributions from the private sector is impressive.

Second, there is a sense in which they are becoming less voluntary if they are equated with becoming more professional, and I think that is a welcomed sign. But if you look at what people are being paid in terms of salaries that most PVO's make, for what their staff people work for and what they are being paid particular-

ly out in the field in the developing countries themselves, you wouldn't call those commercial salaries.

They work because they believe in the causes for which they work. If they were doing it on a for profit basis, they would be earning easily twice the salaries in the for profit sector. So, to me, there is a very strong element of volunteerism still evident throughout the community.

Finally, they are certainly improving their degree of organization. This is seen by those that can carry out exercises in some of the most difficult areas of the world. I know some people on this committee have seen PVO's operating in places as difficult as the Sudan or Ethiopia, impossible environments from my perspective, where anything that can go wrong, goes wrong. Yet, they carry out their mandate and they are able to do what they say they want to do in the time frame that matters.

I am talking about dealing with starving people. There is a lot at stake in that regard and the kind of organization and professionalism that exists in these organizations, I think, is quite impressive.

Mr. EMERSON. Thank you. It has been suggested that the Center for Voluntary Cooperation in Development be established to better facilitate A.I.D. and PVO cooperation. I am wondering how A.I.D. regards that proposal and what could such a center do that isn't already being done. Do you think that such an office would result in the A.I.D. bureaucracy being captured by special organizations with which it deals?

Mr. BISSELL. This is a proposal that we have been discussing with both a number of people in the PVO community over the last several months as well as a number of people here in the Congress. It is one that has interested us a good deal, particularly because we think that our long-term relationship with the PVO's is crucial and institutions ought to mirror what that relationship ought to be.

Hopefully, structures don't drive this relationship but vice versus. I think that we have a fundamentally healthy relationship between A.I.D. and the PVO's. If there is a way to institutionalize that, then we would be perfectly pleased to do so.

There is one aspect of it, though, that I think I need to flag. I think in the last part of your question, I sense a hint of my concern, which is that I would not want to see in any reconsideration of our institutional relationship with PVO's a tendency to marginalize them. I say this because what is important in the way that A.I.D. works is that we move as much of what we can to the field.

We operate through the field. A.I.D.'s strength among aid donors is based upon the fact that our field presence is so strong. It is field-driven, as we say, and we want our relationship with the PVO's to also be field-driven.

You can see this in the statistics. Well over 70 to 75 percent of the funding through PVO's today comes by our field missions. It does not come out of our central bureaus in Washington. Coming out of our missions means that there are nearly a 100 places in the world through which we need to have healthy relations with the PVO's.

That field relationship should be embodied rather than in having it sequestered away in one Washington office, with one focus here or with me. That is a very important signal we need to consider. In

the course of any possible restructuring of our relationship with the PVO's we need to ensure that they remain and, indeed, their relationship as being part of the total fabric of A.I.D. is strengthened, as opposed to having them focused away in one separate effort.

That would be my only concern in bringing this idea forward. Otherwise, it seems to me that it is part of our ongoing dialog. We need to reconsider this frequently. Our financial relationship with the PVO's is constantly growing and I would hope that our institutional arrangements continue to reflect that.

Mr. EMERSON. Where do we stand in regard to implementing such an idea?

Mr. BISSELL. It is under consideration in the Foreign Affairs Committee. The new Foreign Assistance Act mark-up began this morning and will presumably continue until completed.

Mr. EMERSON. I would hope that such a center to bring a higher level of cooperation into play—I hope that the instrumentality that might be put in place in A.I.D. and the State Department to do this, the so-called Center for Voluntary Cooperation in Development—could avoid becoming just another bureaucracy.

We have got more than enough bureaucracies already and what we really need is a streamlining and more effective action in the field. I am always concerned as to what impediments yet another bureaucracy in Washington may bring to the delivery of goods where they are needed, so I hope that as this subject is massaged, you will bear that in mind.

In fact, I would like for you, if it is possible, to keep this committee advised as you further implement this idea. What I am saying is I would hope we don't get to the point where we are having perpetual committee meeting down at the State Department about how we can better cooperate with the PVO's to the exclusion of assistance being delivered to people in need wherever that need may be.

Mr. BISSELL. I would be happy to keep you informed.

Mr. EMERSON. Thank you. Thank you, Mr. Chairman.

Chairman LELAND. Mr. Flake.

Mr. FLAKE. Thank you, Mr. Chairman. I, first of all, just want to express thanks that you are holding the hearing. I think that it is important that we give some credence to those people who give themselves so freely in participating in the process of making effective these PVO's.

Since I did not hear the verbal testimony, I would ask unanimous consent to submit my questions in writing and through the committee and have them forward it back to me and I yield back the balance of my time.

Chairman LELAND. Without objection, so ordered. Mr. Herger.

Mr. HERGER. No questions.

Chairman LELAND. Mr. Dorgan.

Mr. DORGAN. No questions.

Chairman LELAND. Mr. McNulty.

Mr. MCNULTY. No questions.

Chairman LELAND. Mr. Bissell, thank you very much. Your testimony has been so self-explanatory and so comprehensive that our

colleagues have no further questions. We really appreciate your coming forward to helping us out today. Thank you very much.

On our second panel today, the select committee is extremely pleased to have with us Mr. David Korten, a widely recognized expert in the development field with a particular focus on Asia.

He has published and taught extensively on development strategies in the Third World, in addition to having served as an advisor to many PVO's and official development agencies throughout the world, including A.I.D.

Mr. Korten currently serves as vice president for Asia at the Institute for Development Research located in Boston. Mr. Korten will help us identify the tasks that both the private voluntary sector and governmental agencies must accomplish to effectively address the development issues of the 1990's.

Mr. Korten, would you please come forward?

Our next witness after Mr. Korten is Mr. Peter Davies. Mr. Davies is president and chief executive officer of InterAction, a broadly based coalition of over 100 American PVO's that work in international development relief, reconstruction, migration, refugee assistance, public policy, Federal relations and public education on international development issues.

Mr. Davies will offer the perspective of U.S. PVO's on their role in the U.S. Foreign Assistance Program. I might acknowledge that Mr. Davies and I became friends during the African famine crisis in 1984-85 when, I think, InterAction was actually created. I can only give the highest commendation for the activities of InterAction and certainly the leadership demonstrated by Mr. Davies.

Sharon Capeling-Alakija, Director of the United Nations Fund for Women was scheduled to be a witness in this hearing. I am sorry to announce however, that; due to unforeseen circumstances, she will be unable to appear before the committee today.

I was looking forward to her testimony and contribution to this hearing and regret she is unable to participate. It is very sad, as a matter of fact, particularly given the circumstances, which I will not elaborate upon at this time.

We are, however, very pleased to have both of you appear before the select committee today and appreciate the efforts you have made to join us. We will first hear from Mr. Korten.

STATEMENT OF DAVID C. KORTEN, VICE PRESIDENT FOR ASIA, INSTITUTE FOR DEVELOPMENT RESEARCH

Mr. KORTEN. Thank you, Mr. Chairman. I would like to suggest to the committee that current global realities require a fairly fundamental redefinition of the problem of global poverty and hunger.

Too much of our thinking, I suspect, has been concentrated on achieving a redistribution of existing food supplies, primarily through humanitarian assistance measures. The reality of the 1990's is likely to be one of increasing absolute food shortage, in part, because of circumstances which were outlined by the chairman in his opening statement.

The World Watch Institute reports that global per capita food output has been declining since 1984. These trends will almost surely be exacerbated by the growing environmental crisis that in-

cludes large scale climatic change, rapidly dropping water tables, loss of top soils, and the destruction of coastal fisheries which are universal phenomena throughout our globe.

Yet, each year of the coming decade is expected to set a new record for the number of human beings added to the world population exacerbating the problem. These facts well known to this committee almost ensure alarming increases in poverty and hunger during the 1990's.

The resulting conditions will fuel regional conflict, communal violence, drug abuse, and refugee flows, conditions that will increasingly define the dominant security threat to the United States.

As surplus food stocks disappear, dealing with the problems of poverty and hunger through humanitarian assistance will become a disappearing option. Attention must be addressed to the underlying structural causes of the problem.

These include: the persistence in many Third World countries of nondemocratic political institutions that allow privileged elites to engage in reckless exploitation of natural resources for short term personal benefit without public accountability; high levels of military expenditures that divert resources from productive uses, often for the primary purpose of suppressing valid dissent; a conventional wisdom that fails to discriminate between true sustainable development and temporary increases in national consumption achieved through financial and environmental borrowing; development assistance polices that subordinate people and environment to the overriding objective of debt repayment, using loans [read additional debt] as an inducement; a widespread and politically convenient assumption that the problems of poverty will yield to economic stimulus combined with improved public services, rather than facing the need for substantive change in economic and political structures.

With few exceptions, the public agencies we look to for development leadership are ill equipped to deal with such issues. The multilateral banks are lending institutions. They can only offer assistance with solutions that are based on increased borrowing, adding to the debt. Yet existing debt is already one of the major problems of the developing world.

The multilateral agencies, being intergovernmental organizations, are commonly barred by charter and governance structure from dealing with political issues. Yet political issues are the heart of the matter.

Most public development assistance agencies, both bilateral and multilateral, find it difficult to channel funds to organizations other than central governments. Yet this legitimates centralization and undermines the recipient government's accountability to its own people—major contributors to the current problem.

The ability of most public international assistance agencies to channel funds to organizations that are inclined to challenge existing policy is severely constrained. Yet such challenges are essential as our future security depends on innovation, especially innovation in institutions and values, on a massive scale.

Voluntary organizations have an essential and distinctive role to play in driving the needed social innovation. The true voluntary organization is created as a product of the value commitments of in-

dividual citizens who share a vision of a better society and who are prepared to commit their money and their energy to actualizing that vision.

We have seen the power of voluntary action as a social force in the United States in the environmental movement, the civil rights movement, the peace movement, and the women's movement, to name only a few.

In each instance the problem addressed could not have been addressed successfully by government alone. Broadly based citizen action was essential. Similar action is essential in dealing with the global problem of hunger and poverty.

The old competition between capitalism and socialism has little meaning for contemporary developing nations. The relevant competition is now between conventional growth models based on unrestrained resource exploitation, absentee ownership, export promotion, debt financing, centralization of government power, and large scale capital investments that concentrate economic control in the hands of a few—whether investment bankers or political bureaucrats—and alternative growth strategies based on increased sustainable productivity of local resources, local market development to meet local consumer needs, broadly based producer participation in the ownership of productive assets, and a participatory democracy grounded in strong grass roots organizations and local government. The alternative growth strategy is largely a product of the thought and action of voluntary organizations throughout the world.

How well are the U.S. PVO community and A.I.D. positioned to contribute? Here again we face some harsh realities. Neither A.I.D. nor the U.S. PVO community itself makes any distinction in its statistical reporting between humanitarian assistance activities directed to the consequences of hunger and poverty, and development assistance directed to their causes.

There is, however, strong indication that the substantial majority of the resources go for humanitarian assistance. The portion of the total assistance going for serious advocacy and public education to create this new vision is minuscule.

Not all U.S. PVO's are voluntary organizations by our definition. Many might be better described as nonprofit businesses in that they are staffed by paid professionals, lack broadly based volunteer constituencies and are driven more by donor market demand than by any coherent development vision or value commitment.

As a policy implementing arm of the U.S. foreign policy establishment, A.I.D. is best suited to funding fairly conventional humanitarian assistance and project implementation activities of mainstream nonprofit international assistance groups.

Its own procedures and audit requirements limit flexibility and its relationship to recipient governments largely precludes supporting activities by groups perceived as questioning existing policies or structures.

This is an inherent limitation of A.I.D. in working with either the United States or indigenous groups. Few of the U.S. organizations that do have active grassroots constituencies engaged in advocacy, local action, and public education are engaged internationally.

A.I.D. has only limited contacts with many of these groups. A.I.D. lacks an effective mechanism for developing overall Agency policy on its relationship to the private nonprofit sector.

Consequently, support for either U.S. PVO's or indigenous nongovernmental organizations is commonly viewed as peripheral to A.I.D. and A.I.D. mission strategies. This reflects serious limitations in A.I.D.'s ability to support grassroots development.

The matching contribution required as a condition of receiving A.I.D. funds is supposed to ensure that PVO's will accept Government funds only for activities for which they are truly committed.

The actual consequence of this requirement is to turn private dollars into A.I.D. dollars and limit their application to activities consistent with existing A.I.D. policy and procedures This limits the capacity for independent action that is essential to the distinctive role of the voluntary sector.

Recommended legislative actions:

One. Recognizing inherent A.I.D. limitations in supporting U.S. voluntary organizations in their more innovative roles of social catalysts, Congress should establish and fund an independent public foundation to encourage participation in international development cooperation by a broad range of U.S. voluntary organizations in roles that emphasize advocacy, policy analysis, education, and global networking.

Two. The requirement for matching contributions on specific projects carried out U.S. PVO's should be eliminated from A.I.D. grants.

Three. U.S. public funding for indigenous nongovernmental organizations should be increased, primarily through mechanisms such as the Inter-American Foundation, the African Development Fund, and the National Endowment for Democracy, as well as through specialized U.S. voluntary organizations such as the Foundation for the People's of the South Pacific and the Asia Foundation.

Four. The Office of Private Voluntary Cooperation in A.I.D. should be elevated in status and given a mandate and capability to coordinate overall A.I.D. policy with respect to private nonprofit organizations.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Korten appears at the conclusion of the hearing, see p. 63.]

Chairman LELAND. Thank you, Mr. Korten.

Mr. Davies.

STATEMENT OF PETER J. DAVIES, PRESIDENT, INTERACTION, AMERICAN COUNCIL FOR VOLUNTARY INTERNATIONAL ACTION

Mr. DAVIES. Congressman Leland and other distinguished members of the select committee, it is a pleasure to appear before you this afternoon and I have submitted quite a lengthy statement which I am not going to read, but would like to highlight a number of the key points in it and then take questions.

My written testimony is divided into six issues: the role and value of PVO's to the development process; the special role of women and child survival strategies in this process; changing environment in the Third World where we do our business; the role of

U.S. PVO's in helping to strengthen and support local national PVO's; the PVO relationship with A.I.D. as it has matured and our future relationship as it ought to be; why we support a new institutional relationship to a Center for Voluntary Cooperation in Development.

Let me cover first the role and value of PVO's to the development process. According to the A.I.D. Administrator's recent report: "Development and the National Interest: U.S. Economic Assistance, 21st Century," more than 500 PVO's help meet the needs of people overseas, of which 240 are currently registered with A.I.D.

In 1986, the report states, PVO's have received $1 billion from A.I.D., the bulk of which went to humanitarian assistance in the African countries.

According to a study of our own members, and I think this is quite significant, many of which do not receive any A.I.D. funding. They raise collectively from private citizens, foundations, churches, corporations, over $1.2 billion.

U.S. Government, on the other hand, contributed $431 million to these same agencies. That means that 74 percent of our member's support comes from private sources and only 26 percent comes from the U.S. Government, over one-half of that is in the form of food commodities.

The $1.2 billion in private donations from the U.S. public represents an enormous vote of confidence. It demonstrates that the general public supports the humanitarian programs of private and voluntary organizations, the largest nationally known, smallest locally organized.

But it is not the money that flows—the resource transfers—that is important. It is rather the quality and the nature of the assistance that U.S. PVO's provide, that is, the relationships they build with local national institutions and the impact they can have on the development process itself.

It is the way these organizations can have an impact on the lives of people: women, children, and men that is the dynamic attribute in PVO's. In short, it is the people-to- people relationships that count and that the chairman referred to earlier in his opening statement.

In my written testimony, I quote from an excellent document, at least we believe it is excellent, a PVO platform that InterAction's Public Policy Committee drafted during the last national election and submitted to both parties.

I am not going to read the points that are covered there on the PVO's. Because this PVO platform contains some valuable insights into the PVO nexus, I would request, Mr. Chairman, that it be included into the record.

Chairman LELAND. Without objection, so ordered.

Mr. DAVIES. Thank you. I would like then to turn next to the special role of women and child survival strategies in the development process.

Since the mid-1970's, development policy makers and practitioners have begun to recognize the significant contributions women make toward economic development. These changes and assump-

tions and approaches to women's contribution to production and economic development have been long in coming.

This select committee has been in the forefront in recognizing the importance of women and seeking to enhance the support for the involvement of women in the development process. Your support for integrating women into the development process throughout A.I.D. offices, at home and in the field missions, must continue.

For women are the core or are in many respects, the actors in the very process of improving the quality of life of people. They are not, and must not be seen simply as the recipients of aid.

Our InterAction platform statement, referred to above, suggests three steps that encompass much of what needs to be done and I am not going to read them here. I commend your committee and know that you will continue to press for integrating women as players and not just recipients of aid.

Likewise, Mr. Chairman, the essential programs of child survival that Representative Tony Hall and you, Mr. Chairman, have led, these must continue as an integral part of the development process.

For investment in child survival programs that you have made a significant component of A.I.D. programs is an investment in our future. I am pleased to report, therefore, that InterAction at its recent board meeting endorsed the operative portions of the U.N. Convention on the Rights of the Child that should come before the General Assembly for a vote this fall.

We will be working to make this convention more than a sterile document; that is, to see that it becomes a living declaration, that the rights of children, food, shelter, and health, and more than mere survival, that is, protection of children, is an essential component of all aid strategies.

Child survival is one of the seven platform issues in the InterAction document referred to above. Now, turning to the changing environment in the Third World which several of you have referred to, where we do our business.

Development does not take place in a vacuum. The effectiveness and impact of PVO's grassroots oriented development projects, that is, the impact of our people-to-people approaches, are profoundly affected by the macroeconomic policies and the political and economic environment in the countries where we work.

What is not adequately recognized, unfortunately, is the impact of these external policies in undermining the effectiveness and sustainability of the numerous small rural development, health, microenterprise and other projects that PVO's, NGO's may be engaged in.

In my testimony, I developed this point, quoting from a recent opinion piece I wrote for the Christian Science Monitor of May 3rd, "Foreign Aid at the Crossroads," and because of time, I will not read the sections of that opinion piece.

However, the House Foreign Affairs Committee's move to revamp the foreign aid program, and I understand that that is in mark-up now, provides an opportunity to ensure that the U.S. policy better achieves a humanitarian focus.

I am very concerned, Mr. Chairman, at the over-emphasis on structural adjustment and note that Mr. Bissell was talking about

the long-term structural adjustment and short- term humanitarian responses of PVO's.

I would put it around the other way, that structural adjustment is basically a short-term while the work of PVO's is focused on longer term development as well as humanitarian assistance.

My colleague, David Korten, has commented on the local national PVO's. I would like to, in interest of time, skip over much of that, but I do want to mention that InterAction is working to put flesh onto what is meant by partnership with our southern colleagues or as they are usually referred to nongovernmental organizations.

What we are witnessing in China today and in Russia too is a manifestation of the drive by people to take control of their own development, their own lives. The burgeoning number of local articulate NGO's in Asia and Latin America and increasingly also now in Africa, are witnessed to the need for A.I.D. to work with U.S. PVO's which can be effective intermediaries to help this strengthening process to occur.

In my written testimony, I have listed a number of principles of North/South participation and North/South partnership and I would commend that to the committee as you read it. I would like then in the few moments remaining to concentrate on the two key issues that are before us today.

The PVO relationship with A.I.D. as it has matured and then specifically, very briefly, the center. I shall not spend a lot of time reciting the evolution of A.I.D.'s relationship with the PVO's and vice versus. It is well known by this committee.

I have cited some of the statistics. More significant than the dollar value of aid that flows from A.I.D. to the PVO's is the nature of the partnership with A.I.D. Today, PVO's are much more professional than before and I don't suggest at all that they don't have a voluntary characteristic as well, but they are much more professionally run.

They have learned a great deal about the development process. Many A.I.D. professionals likewise as we heard from Mr. Bissell recognize the skills and development philosophies that PVO's bring to the development process, and yet, there has been a growing tendency in A.I.D. to move toward a more contractual rather than a grant relationship with PVO's.

My colleague at InterAction, Doug Siglin, put it well and in my written testimony, I quote from his testimony before the U.S. Senate Committee on Foreign Relations. As the relationship with A.I.D. has matured, I would like to cite a couple of examples which I think are very significant because they do indicate that there is a process that we are engaged in which I believe the Center will further.

First of all, we in InterAction through our Development Assistance Committee have been carrying on an intensive dialog with the Africa Bureau, discussing a number of issues relating to the implementation of the African Development Fund, which you, Mr. Chairman, had a hand in establishing with the strong support and initiative also of Representative Howard Wolpe, chairman of the Africa Subcommittee of the House Foreign Affairs Committee.

A.I.D. has also discussed with the PVO's the cooperatives and universities, ways to use A.I.D. funds most creatively to further debt for development projects, the so-called Debt for Development Program that is just getting underway and it has recently issued useful guidelines to enable PVO's and others to use A.I.D. funds to purchase discounted debt and convert it into local currencies if used for development purposes.

A.I.D.'s Advisory Committee on Foreign Aid, has also launched some interesting and useful studies of the interaction with PVO's by A.I.D. All of these are creative and symptomatic examples of the maturing of the partnership with the PVO's.

They attest to the conviction that PVO's are effective vehicles in carrying out A.I.D.'s objectives, such we heard from Mr. Bissell. Nevertheless, my colleagues and I are of the firm opinion that we need to take a much bigger step, that is, elevate the partnership and to involve the PVO's in the process of policy dialog, and operational involvement in the design of A.I.D. programming and implementation to ensure that development assistance is designed to alleviate poverty and build self-reliant communities.

Therefore, we do support a new institutional relationship through a Center for Voluntary Cooperation in Development. President Bush has spoken eloquently of a "thousand points of light," individuals and private organizations meeting needs at the community level.

He and his stewards of foreign aid need to recognize the application of this metaphor in the foreign aid arena. Elevating the PVC Office of Aid and enhancing considerably the role of the Advisory Committee on Foreign Aid by setting up a Center for Voluntary Cooperation in Development as proposed in the legislation that is now being marked up, is a logical and necessary next step.

If the PVO's and indigenous NGO's are the vehicles for achieving effective grassroots development, then the PVO's need, in our opinion, to be a part of the policy and design process, not just the recipients of grants and contracts.

Mr. Chairman, I do not believe that the country strategy statement process is achieving that objective. We believe that we PVO's with the years of experience in conducting grassroots development and humanitarian assistance programs have a lot to offer in the design and implementation of foreign aid programs.

We are particularly well-equipped to assess in the design of projects, whether these are government to government projects or those carried out by PVO's and NGO's, that they will involve, and I think this is the key point, full participation of those to be benefitted.

In short, PVO's would bring to the table their comparative advantage. We believe that a professional staff sitting with the leaders of professionally managed PVO's could do a better job than heretofore to assure that the design of A.I.D. projects takes these "bottom-up" impact on the poor and environmental concerns into consideration.

The environment, population, and development communities have not always worked closely together, but if the Center were established with effective leaders from all three groupings—I might

include the co-ops—it could go far to improve the design and implementation of many of A.I.D.'s development assistance programs.

Another great advantage of the Center, a real advantage of the Center, could be to improve the image and understanding of foreign aid by the general public.

In the words of my colleague, Kenneth Phillips, president of Foster Parents Plan, who testified on behalf of InterAction before the Committee on Foreign Affairs on February 28, 1989:

> * * * the American people, corporations, and foundations who support and sustain America's PVO's want the U.S. Government's assistance to reflect their own values.
>
> They want the United States to be involved in providing opportunity to all sectors of society. They want direct action for the alleviation of the worst cases of poverty, and they want effective, sustainable solutions to the problems of malnourishment, disease, and illiteracy.
>
> They are not willing to see all aid go into promoting macroeconomic growth and trickle-down development which never trickles down.

A Center for Voluntary Cooperation in Development would go a long way to assuring, especially with the oversight proposed by Congress and the active involvement of PVO leaders, the right kinds of aid. It would increase the constituency in support of the right kinds of foreign aid.

There is a need to inform the American public on our aid objectives and accomplishments. A.I.D. has tentatively supported a number of so-called Biden-Pell grants. The Center could, and should, enlarge and improve on this already creative initiative, now administered by A.I.D.'s PVC office.

I am concerned, very concerned, that support for this effective, if underfunded program, will weaken unless Congress intervenes. Again, in the words of my colleague, Kenneth Phillips, in his recent testimony to the House Foreign Affairs Committee:

> Most of us have read with great concern the A.I.D. Administrator's most recent document.
>
> Are these activities that he describes that we have undertaken now destined to fall by the wayside as patience with long-term development grows thin, as the lessons of experience are forgotten, and as once again, U.S. foreign assistance becomes primarily targeted to promoting macroeconomic growth and trickle-down development?
>
> Or will the Congress find a way to assure a permanent commitment to these critical activities through appropriate statutory language, firm oversight and systematic program evaluation?

Forming a public/private partnership to enhance and advance U.S. foreign assistance efforts fits hand-in-glove into President Bush's vision of "a thousand points of light." Establishing a Center for Voluntary Cooperation within A.I.D., with dual oversight that keeps Congress in the process, would, I believe, result in a strengthened and much more effective foreign aid effort that we could look back on several years hence and say we did it right.

For after almost 30 years working in Asia, Latin America, the Caribbean, and Africa, I am personally convinced and believe my colleagues in InterAction are too, that we should, we must, recognize the comparative advantage of people-to-people approaches and not perpetuate the mistakes of the past.

In conclusion, Mr. Chairman, I am convinced that bilateral aid programs are much more likely to result in long-lasting, sustainable growth if oriented to helping people; that is, empowering

people to address the root causes of their poverty, with dignity. Isn't that what development is all about?

Thank you, Mr. Chairman, for your patience.

[The prepared statement of Mr. Davies appears at the conclusion of the hearing, see p. 122.]

Chairman LELAND. Thank you for your contribution, Mr. Davies. Mr. Davies, let me ask you a few questions. What do you think A.I.D. and U.S. PVO's can do to increase the involvement of indigenous PVO's in development activities in their own countries?

Mr. DAVIES. I think they can do a lot. One of the problems is that A.I.D. cannot handle dispensing grants to a multiplicity of relatively small and, perhaps, not institutionally strong, local institutions. So, that one of the aspects of our partnership with southern PVO's is to work with them in technical assistance, in training, in exchanges of staffs which is one of the parts of our program.

So, I believe that we can work with the indigenous institutions and with A.I.D., further A.I.D.'s objective of improving the institutional capacities of local indigenous PVO's. I happen to feel very strongly that the wave of the future, as it ought to be, is to strengthen local PVO's, but at the same time, I believe that we PVO's can be of tremendous assistance as intermediaries in that process.

Chairman LELAND. What are your thoughts on the assertion that some indigenous PVO's encounter institutional resistance from U.S. PVO's to eliminating their intermediary role?

Mr. DAVIES. I don't know of a large number of U.S. PVO's that are inhibiting that. In my experience, at least for many of our members, that is certainly not the case. The whole theme of our forum in Boston was to discuss with local PVO's how we can be of greater assistance to local indigenous institutions from Africa, Latin America, and Asia.

One of the things that we hear from the southern PVO's is that we in the U.S. PVO community should be doing more to influence our own Government on the detrimental effect of some of the macroeconomic policies and do more to educate our own American publics.

I think that the role of U.S. PVO's is changing and many of our members are essentially working with and through local institutions in the country in which they operate. For my own former organization Meals for Millions, for example, previous to coming to InterAction, it was our policy that we employ only local nationals on our staffs.

Now, I think that many of our PVO's are moving beyond that and PVO's like Oxfam America and International Voluntary Services and other organizations, are only working either by funding or/and through providing technical assistance to local indigenous PVO's.

I think it is a slow process and, undoubtedly, there are some who are hanging on to the traditional ways of doing business, but it is the objective of several committees in InterAction to speed up that process and to invigorate the U.S. PVO's to take a look at the way in which they do business.

So, I couldn't agree with you more, Mr. Chairman, that while it is a small problem, it is one that I think we are addressing.

Chairman LELAND. I am glad you are and I hope that others will address the issue as well. Let me ask you one other question. Because of our time constraints, we are going to have to submit other questions to you in writing and ask that you respond and the record will be open for that purpose.

The vice chairman and I, as well as Mr. McNulty, went to Sudan in order to examine the effectiveness of famine relief efforts underway in that country. We saw that some PVO's conducting relief efforts in the Sudan were very frustrated about the lack of coordination in the relief effort there.

It was deja vu from the standpoint that we saw somewhat the same situation in 1984 when we went to Ethiopia during the time of the great famine there and the PVO's were trying to figure out how to coordinate their activities during this period. Out of this crisis, InterAction was created and we recognize the contribution that InterAction has made. However, in the Sudan crisis the U.N. has added another dimension by also undertaking to coordinate NGO and PVO relief activities in that country.

A number of the many PVO's and NGO's that we talked to, were rather flustered about the intervention on the part of the U.N. I am not trying to engage in any U.N. bashing, I am trying to obtain some clarification about this situation especially because you had the experience in 1984 and 1985 of coordinating PVO activity in Africa.

Where PVO's from donor nations and indigenous NGO's have been on the ground in countries like Ethiopia and Sudan for years, to what extent do organizations like InterAction and the U.N., create problems when they attempt to involve themselves in the activities of these NGO's and PVO's?

Mr. DAVIES. Mr. Chairman, I think there are two answers to the question. First of all, of course, the Sudanese situation and the civil war that is even more intense than perhaps it was at the time of the Ethiopian famine, does complicate the situation and prior to the U.N. intervention and the channels of tranquility, we did play what I considered to be a very important role in meeting with the U.S. Department of State representatives and with Julia Taft who has been outstanding.

Chairman LELAND. She has made a tremendous contribution.

Mr. DAVIES. A terrific contribution. In order to try to exert more pressure on the State Department, either the U.S. Ambassador, and I use the word "pressure" advisedly, to exert pressure on the Sudanese Government in order to remove some of the obstacles to the free flow of emergency supplies to people—you know because you have been there and seen it at first hand and I have too, since my son was working in the Sudan as representative there, of BandAid/Live Aid trying to deal with the terrible Sudanese bureaucracy to get the food into the neediest areas.

As you know, some of our agencies have also been working cross-border with the cooperation of OFDA, quietly. I think that what is lacking, if I may say so, in the Sudan, that was not lacking and was actually an example that should be followed in the case of Ethiopia, was the establishment of OEOA, the Office of Emergency Operations for Africa under Brad Morse, which, in effect, really did act as a coordinating mechanism with private voluntary organiza-

tions, members of InterAction, in order to get all of these agencies to work together and discuss their issues and common concerns, and take action.

To answer your question rather specifically, I think that in the case of the Sudan, we are not seeing the same sense of coordinated activity between the U.N. and the PVO's on the ground. I am as concerned as you are at lack of coordination, from what I understand from those I have spoken with. I hope it improves.

I am hopeful, however, that peace can be brought into that area through the pressure of the international community so that we do not lose thousands and hundreds of thousands more lives than have already been lost and so I share, Mr. Chairman, your real concern that better coordination must be achieved.

We must do everything we can to avoid duplication and to maximize the efficiency of the agencies——

Chairman LELAND. I appreciate that, Mr. Davies. Let me state for the record that notwithstanding the question, I do acknowledge the contribution that has been made by the U.N. Clearly, the U.N.'s goals and the initiatives it is attempting to achieve in the Sudan are to be commended.

Mr. DAVIES. May I add that we do meet right now as PVO's here in New York and Washington with the U.N. representatives, with OFDA, and with other representatives of A.I.D. and with the State Department in order to try to discuss among ourselves the emerging situation and to see what we can do collectively.

So, that process is an ongoing process. It isn't as vigorous as, perhaps, would be desired.

Chairman LELAND. I appreciate that. Mr. Korten, we don't mean to slight you at all and I am sorry we are just now getting to you. In your opening statement you indicated that many development experts agree that sustainable development cannot occur without the support of democratic institutions.

However, PVO's are often confronted with undertaking development tasks in decidedly undemocratic regimes where governments fail to protect the right of their citizens to press for political and social change.

In this type of environment, is it possible for PVO's to serve as catalysts for democratization as a precondition for development? I know that this question seems to have implications although PVO's are not supposed to be political in nature.

Mr. KORTEN. Yes, your question delves into an extraordinarily complex reality, as you know. Many of us would argue that the fundamental development problems do, indeed, relate to the political issues.

They relate to a set of structures that concentrate both political and economic power that create a kind of an absentee ownership and a group of elites that take advantage of whatever opportunities are available to increase their own wealth. The world saw one example of this reality from the Philippines, the country in which I live, when the Marcos family was thrown out of power and the extent of their personal theft from the people of the Philippines was revealed to the world.

Now, it is not nearly as widely discussed and acknowledged as it should be that the Philippines is no exception within the Third World. In many respects, it is more typical than exceptional.

If one understands this reality of corrupt and oppressive governments it becomes fairly obvious why the situation of poverty and hunger is not improving. Most Third World governments are not accountable to their people. True democratization of governance processes is essential to address the problem of poverty. Simply putting in the appearance of representative forms of government at the center is not adequate. Major attention must be given to the development of people's organizations and strong representative local governments.

Now, what is the role of PVO's? The primary leadership in addressing the democratization issue ultimately must come more from the indigenous NGO's rather than from U.S. PVO's and this is a central agenda of many of the indigenous PVO's.

This commitment to democratization is reflected in the emphasis many NGO's place on village organizing, especially with the poor. A more recent development is a growing consensus that organizing at the village level is not sufficient. The resulting village organizations must be pulled together into federations and even linked to international movements that can assume a real voice in the political process.

They are seeing the importance of advocating policies strengthening local government and electing members of poverty groups through their own efforts to local government councils to begin to get control over those development resources from governments that are suppose to be flowing to them.

Now, the role for the northern PVO's in this process, I think, comes in developing a sense developing solidarity with these organizations. Helping to educate the American public in the reality, that simply sending in their contributions to provide food or immunizations for a starving child, although an excellent humanitarian act, is not going to address the underlying causes.

Part of the role is to make Congress aware that while on the one hand we are trying to undertake aid program to alleviate poverty, we are at the same time supporting many governments and many policies that do far more damage to the poor than any aid program could possible correct.

We should be systematically redirecting our aid to democratic regimes. Where the regimes in power are not democratic, I would argue that the bulk, if not all of our assistance, should be channeled through nongovernmental mechanisms. Our concern, I do believe, is to assist and support the people of these countries, not their governments, at least when those are authoritarian governments.

Many of the southern NGO's are saying,

> If you northern groups are really concerned about development, don't spend your time down here directly sending foreigners into our villages. Help us build our capacity to do that. Put the bulk of your energy into educating your own people, help them to understand these issues, lobby with your own Congress, with the World Bank, and with the other organizations that shape the policies.

Chairman LELAND. Mr. Emerson.

Mr. EMERSON. Thank you, Mr. Chairman. Mr. Davies, I would like to pursue for a minute or two here the idea about the Center for Voluntary Cooperation in Development. The whole idea intrigues me.

You stated that the PVO's need to be a part of the policy and design process and not just the recipients of grants and contracts. Now, that is a pretty good proposition in and of itself because, you know, I am one who adheres to the theory that people who know what they are talking about ought to have some input into the process. I certainly think that the PVO's vary substantially, but by and large know what they are talking about.

On the other hand, we are in an era in government here where there are those in the media and in other places who suggest that there might be a conflict of interest if you involve somebody in the process who really knows what the process is about and what they are doing.

For example, it might be analogous to putting officials from Lockheed and General Dynamics, and Martin Marietta on the staff of the Secretary of Defense so that defense contractors could help determine the defense policies of the United States.

Is that analogy as it relates to PVO's meeting a part of the policy and design process? Are we not subjecting ourselves to that type of criticism?

Mr. DAVIES. I don't think so at all. I think it is just the contrary and for a very simple reason. The PVO's are not in it for money one iota. They are not profit-making institutions. In fact, as you heard from Mr. Bissell himself, the salaries of those who are working for the private voluntary organizations are low. I could have made at least one-third, if not a half again if I had stayed in A.I.D.

So, I don't think that the PVO's are driven by wanting to, either institutionally or individually, benefit financially in the way in which we, perhaps, see private concerns such as defense contractors.

The other aspect, though, is, it seems to me, that we have now had 2 or 3 years of being included in the process of preparing country strategy statements in the field. I happen to agree entirely with Mr. Bissell that the value of A.I.D.—having spent 9 years working in it—is in the field; that is, the field missions.

As you heard from Mr. Bissell, their staff is very, very thin. One of the things that has impressed me is that you have a lot of able people who are in and out of A.I.D. and now in the PVO community and I really genuinely believe that some of the direction that A.I.D. is moving as evidenced by the document that I referred to—Development and the National Interest—that the administrator issued is a misguided policy.

It is returning to the concept that you can undertake macroeconomic structural adjustments successfully. You heard my colleague, David Korten, make some reference to some of that and I have. I would like to see ways in which the A.I.D. program generally returns to the humanitarian focus and to the longer term development focus that gets at the underlying root causes of poverty.

I don't think that that is going to happen with the current thinking in A.I.D. as I observe it in that document. Therefore, I really believe that, while I do not go as far as recommending establishing

a separate foundation or a separate bureaucracy, that it would be better to be part of the process within A.I.D., try to build on what has already been accomplished by many people within A.I.D. who recognize the value of the PVO's.

So, I don't share your concern. On the contrary, I believe the Center for Voluntary Cooperation will strengthen the overall thrust of the A.I.D. program.

Mr. EMERSON. I raise the issue largely to evoke your comment which I think is very constructive. I have some concern that when we get as heavy as calling it a Center for Voluntary Cooperation in Development that we are inviting a bureaucracy.

I want to re-emphasize, as I did to Mr. Bissell, that what we are—if I read this committee properly—what we are interested in is largely humanitarian aid. Foreign Affairs has a completely different jurisdiction than we do.

We are by and large interested in the delivery of humanitarian aid and, consequently, our concern is that with limited resources—the goods, as it were—reach the people who are in need and we don't want the resources consumed by the administration of a bureaucracy. We want the goods buying food and medical supplies.

Mr. DAVIES. Could I suggest, Congressman Emerson, that what is called for in the Center is a 10-person board with a director. It is not to establish a bureaucracy. It is to take what you now have with the Advisory Committee for Foreign Aid and the PVC office and elevate it.

I don't believe that it is going to result in any way in an increase in the bureaucracy. As one who served in A.I.D. for many years in the 1960's, I can assure you the last thing in the world I or my colleagues will want to see is a burgeoning of the internal bureaucracy, but I do think that there is really an opportunity in the Center to have an impact on the development process and the development philosophies that are developed within A.I.D. I think that is worth the risk of a bureaucracy.

Mr. EMERSON. I agree with you that that is necessary, but I want to emphasize—I want the record to show—that we want this structure to be lean. The PVO's have a great deal to offer in this regard and we couldn't plan it without them, but I do want us to avoid layers of people that sometimes have the effect of inhibiting the flow.

We don't want to get as boxed in, in making decisions about delivering humanitarian aid as the Pentagon is in its procurement process in procuring weapons systems. I am told that we probably couldn't have won World War II if we had in place then the bureaucracy that we now have in place. Here we are talking about lives that are very tenuous and we don't have time very often to endure a great bureaucratic massaging of the issue.

I realize we are talking for planning and prospective implementation and not the immediate circumstance when we are talking about this Center for Voluntary Cooperation, but sometimes things have a way of getting out of hand unwittingly and we have always got to keep our eye on the objective of the delivery of humanitarian aid being as lean and quick and effective as possible.

Mr. DAVIES. You have described the PVO's very well, sir.

Mr. EMERSON. Well, I know that, and that is why I say that we do need your input, but I don't want anything to inhibit the good work that you all do. One other thing that interested me here is you suggested that such a Center would increase the constituency in the support of the right kind of foreign aid.

You didn't define "right kind of foreign aid" and, you know, this is a question that seems to me should be made by the American people through their Government. This, of course, is a result of debates that we have here in Congress, and I wonder if you are suggesting that there may be a right kind of aid that we are not yet familiar with. That is to say, is there some formula by which you can determine what is right that alludes us here in Congress?

Mr. DAVIES. I don't think it is a question of alluding people in Congress. I think that we have learned as PVO's a lot about the development process, that there are some absolutely essential elements that I have put into my written testimony and didn't cite earlier; namely, to design programs so that there really is local participation by the recipients in the design of those programs.

Looking toward ways in which women are integrated into the design of those programs, making certain that the policies that are undertaken of a structural adjustment or macro nature are examined from the point of view of what the impact of those policies will be on the poor, looking at the environmental impact of programs in terms of what these projects, aid projects, or bank projects or others are going to do for the environment.

In sum, ways in which programs are structured so that they provide incentives to people to use the local resources for achieving self-reliance rather than giving things away, making certain that the dignity of individuals is enhanced through the process of development.

As one who has worked for close to 30 years in development both in A.I.D. and in PVO's I am not going to bash A.I.D. at all because there are some very, very good aid programs—I think that there are ways in which the A.I.D. program can do a better job based on the lessons we have learned, A.I.D. professionals and PVO professionals have learned, over many years.

What I am concerned about, as I said earlier, is that we are not necessarily learning some of these lessons, at least it doesn't appear to me that we are learning and, therefore, I am quite concerned about what might come out of the program if we don't put some of these proposed mechanisms into effect.

Mr. EMERSON. Thank you.

Chairman LELAND. Mr. Penny.

Mr. PENNY. Thank you, Mr. Chairman. We are discussing several versions of a national service bill currently most of which would allow young people to earn credit, financial credit, toward college if they perform some type of community service.

Part of that would reward the existing programs like the Peace Corps, but we envision going beyond that and certifying other types of community and service work as eligible programs. How do you view that and have you taken any stand in terms of supporting that kind of a national service concept as a way of enticing people to get involved with organizations such as yours where they could

go overseas and perform work for a year or two and upon that return get a grant of sorts for a college degree?

Mr. DAVIES. Well, sir, we haven't taken a specific stand on the national service proposal, but the principles on which that is established, of course, derive in large part from the Peace Corps and I might say that I think that the Peace Corps has been extremely valuable.

All of us are very fortunate to have the returned Peace Corps volunteers who have gained so much by the experience of working overseas and in the international programs. Both A.I.D. and the PVO's are primarily, I wouldn't say primarily, but are to a very, very large extent—PVO's more than A.I.D.—peopled, staffed, with returned Peace Corps volunteers.

I think that there is a very great value in people-to-people types of programs, the type of program that Crossroads Africa and many other private groups have undertaken for many, many years. So, I would endorse entirely the very concept of a national service corps and believe that it could learn a lot from the experience of the peace corps.

Mr. PENNY. Mr. Korten.

Mr. KORTEN. I agree very strongly with my colleague, Peter Davies, on the importance of these programs as a part of our own development education. I would add to his comment that I think we are beyond the time where it is appropriate to describe such programs as community service programs in the sense of believing that there is a strong need for young American volunteers to work in villages abroad.

These are roles that increasingly need to be taken up by indigenous voluntary organizations and volunteers. To the extent that we present ourselves as coming because we feel we are needed to help, I think we are going to cause increasing resentment. But to the extent that we come clearly on the basis that we are coming to learn, we are coming to experience your reality, we are coming so that we can be better citizens in our own country when we return. Then I think we are going to find a lot of receptivity and I think the programs are extraordinarily important.

Mr. PENNY. I was also interested in the statistics on where the funding has come from and I think Mr. Korten, maybe it was Mr. Davies, that the amount that came to private voluntary organizations from individual contributions and it was like $1.2 billion in the past year.

Have you done any analysis as to how much, in the way of contributions, you might generate if we had a tax credit instead of a tax deduction for those contributions and whether you have given any thought to the propriety of singling out international groups for a tax credit instead of a tax deduction?

Mr. DAVIES. I haven't done any analysis of what the impact of such a credit would be. It might be a nice incentive, however, I think that by and large, the donors to international PVO's are giving out of a very strong sense of commitment.

They are small givers, proverbial, excuse the expression, little old ladies in tennis shoes, but it is true that the support for PVO's working internationally is by and large, not from wealthy people who are giving in part out of a desire for a benefit from taxes as it

would be for those who are wealthy donors to a museum or otherwise.

I happen to be on the board of the independent sector which was championing the provision for unitemized charitable deductions. That legislation lost in the redo of the entire tax package, tax legislation, and I believe that if you were to provide a tax incentive for those who do not itemize their contributions that would be a good move in the right direction.

I am not an expert in taxes. I am not sure the degree to which credit versus——

Mr. PENNY. Would influence the contribution.

Mr. DAVIES. Would really influence contributions to the type of internationally related organizations, the PVO's, I represent. On the second question as to whether there should be a special provision for international organizations, I don't want to sound self-serving and, therefore, I would hesitate to suggest that you should have a tax program of that type partly because I think it might build some resentment.

This is a personal view. One of the problems we have in articulating our programs as my colleague, David Korten, said referring to development education, is the very real problem of educating and informing, just informing the American public. The American public have not had an opportunity to see the situation in developing countries first-hand the way Congressman Leland and others and yourselves have seen it.

So, I think that one of the things you could do, Congress could do, to really assist is, as I said in my testimony, to focus on the experience of the Biden-Pell development education grants that have been used creatively by a number of organizations to do development education in the United States.

Unfortunately, that program has stayed stable at $3 million and the demand for it has been much greater. It remains a very small program. I think it would behoove the Congress to take another look at the advantages of that program which I am afraid does not have a very strong endorsement from the present administration.

I don't know why, and we are meeting with Ambassador Allen Woods on Thursday and I intend to ask him.

Mr. PENNY. Thank you, Mr. Chairman.

Chairman LELAND. I want to thank both of you gentlemen. We do have other questions that we would like to submit to you in writing. The time is so far spent that we are going to have to conclude the hearing, but we certainly appreciate your contribution. Thank you very much.

The hearing is now adjourned.

[Whereupon, the hearing concluded at 4:02 p.m.]

[Material submitted for inclusion in the record follows:]

PREPARED STATEMENT OF HON. MICKEY LELAND, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

GOOD AFTERNOON. I AM PLEASED TO CALL THIS HEARING TO ORDER AND TO WELCOME GUESTS, WITNESSES AND CONGRESSIONAL COLLEAGUES.

THIS HEARING IS BEING CONDUCTED AS AN INITIAL EFFORT OF THE SELECT COMMITTEE ON HUNGER TO EXAMINE AN ISSUE OF CENTRAL IMPORTANCE TO THE ALLEVIATION OF WORLD HUNGER. WE WILL BE LOOKING AT THE ROLE THAT IS BEING PLAYED BY PRIVATE VOLUNTARY ORGANIZATIONS OR "PVOs", IN THE U.S. FOREIGN ASSISTANCE PROGRAM. WE ARE PARTICULARLY INTERESTED IN LEARNING ABOUT THE KIND OF COOPERATION THAT TAKES PLACE BETWEEN PVOS AND THE U.S AGENCY FOR INTERNATIONAL DEVELOPMENT IN UNDERTAKING DEVELOPMENT ASSISTANCE ACTIVITIES AND HOW THIS RELATIONSHIP CAN BE STRENGTHENED TO ACHIEVE JUST AND SUSTAINABLE DEVELOPMENT GOALS WORLDWIDE.

AS WE FACE WHAT CAN ONLY BE CALLED A GLOBAL CRISIS IN LONG TERM DEVELOPMENT, AN ASSESSMENT OF THE EFFECTIVENESS OF THE RELATIONSHIP BETWEEN PVOs AND A.I.D. IS OF UNQUESTIONABLE IMPORTANCE.

THIS CRISIS HAS EVOLVED AS AN UNMANAGEABLE BURDEN OF FOREIGN DEBT AND A WORLDWIDE RECESSION HAVE CUT ECONOMIC GROWTH IN HALF IN DEVELOPING COUNTRIES DURING THE 1980S. THIS ECONOMIC SLOWDOWN HAS BROUGHT INCREASED POVERTY AND SEVERE REDUCTIONS IN LIVING STANDARDS TO THE POPULATIONS OF THESE COUNTRIES, FURTHER THREATENING THE BASIS FOR FUTURE GROWTH.

FOR EXAMPLE, IN MORE THAN HALF OF THE LEAST DEVELOPED COUNTRIES, DAILY CALORIE CONSUMPTION HAS STEADILY DECREASED DURING THE 1980'S. DURING THIS SAME PERIOD, THE NUMBER OF POOR PEOPLE IN LATIN AMERICA INCREASED 25 PERCENT. HALF OF THE DEVELOPING WORLD LACKS SAFE DRINKING WATER; AND 40,000 CHILDREN DIE EACH DAY FROM PREVENTABLE DISEASE.

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ENVIRONMENTAL DESTRUCTION EMERGES AS ANOTHER DIMENSION OF THE DEVELOPMENT CRISIS WHEN PEOPLE IN DEVELOPING COUNTRIES DESTROY RAIN FORESTS AND OVERPLANT CROPLAND AS THEY DESPERATELY SEARCH FOR THE INCOME TO RAISE LIVING STANDARDS AND AS THEIR GOVERNMENTS SCRAMBLE FOR FUNDS TO REPAY INTERNATIONAL DEBT.

THE ECONOMIC STAGNATION AND ENVIRONMENTAL DEGRADATION WHICH CHARACTERIZE THE CRISIS IN LONG TERM DEVELOPMENT SPELLS NOT ONLY DISASTROUS CONSEQUENCES FOR THE DEVELOPING WORLD, BUT ALSO SEVERE AND IMMEDIATE THREATS TO THE SOCIAL, ECONOMIC AND POLITICAL HEALTH OF THE UNITED STATES.

THE CHALLENGES PRESENTED BY MOUNTING EVIDENCE OF WHAT SOME HAVE TERMED "DEVELOPMENT FAILURE" CLEARLY REQUIRE AN EVALUATION OF THE STRATEGIES EMPLOYED BY THE PRINCIPAL PARTIES ENGAGED IN RAISING THE STANDARD OF LIVING OF THE WORLD'S POOR AND PROMOTING DEVELOPMENT . PVOs HAVE TRADITIONALLY PROVIDED LEADERSHIP IN SUCCESSFULLY IDENTIFYING AND MEETING THE NEEDS OF THE POOR IN WAYS NOT POSSIBLE FOR OFFICIAL AID AGENCIES . OVER THE PAST TWENTY YEARS, AS PVOs HAVE MOVED BEYOND RELIEF ASSISTANCE AND INTO THE DEVELOPMENT FIELD, A.I.D. HAS ASSUMED AN INCREASING ROLE IN FINANCING AND INFLUENCING THE ACTIVITIES OF PVOs. WE LOOK FORWARD TO THE TESTIMONY OF OUR WITNESSES TO INFORM THE COMMITTEE OF THE BENEFITS OR PROBLEMS THAT ARISE FROM THIS RELATIONSHIP AND HOW THE RESPECTIVE ROLES OF A.I.D. AND THE PVOs MAY NEED TO BE REDEFINED OR REALIGNED IN ORDER TO REALIZE SUSTAINABLE AND EQUITABLE DEVELOPMENT GOALS ABROAD.

AS A PRELIMINARY MATTER LET ME POINT OUT THAT THE COMMIITTEE WILL USE THE TERMS PVO AND NGO OR NON GOVERNMENTAL ORGANIZATION, INTERCHANGEABLY TO REFER TO BOTH U.S. PVOs AND PVOs INDIGENOUS TO DEVELOPING COUNTRIES.

LET ME NOW TURN TO MY COLLEAGUES TO ASK IF THEY HAVE OPENING STATEMEN

PREPARED STATEMENT OF RICHARD E. BISSELL, ASSISTANT ADMINISTRATOR, BUREAU FOR PROGRAM AND POLICY COORDINATION, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

I. INTRODUCTION

It is a pleasure to appear before you today to discuss the role of Private Voluntary Organizations -- present and future. A.I.D. admires the tireless contributions made by the people who staff the PVOs and cooperatives to improving the quality and longevity of life in the developing countries.

These institutions constitute a vital component of the U.S. foreign assistance program. As Ambassador Woods stated when asked about our relationship with PVOs during the foreign assistance overview hearing of the Senate Foreign Relations Committee earlier this month:

> "A.I.D. could not operate without private voluntary organizations. They are our hands and arms in so many places in the world. It is terribly important that the agency have a very intimate relationship with private voluntary organizations."

Indeed, we have come to view U.S. PVOs and cooperatives as our partners -- our teammates -- in economic and social development. This partnership has grown and deepened over the years, and our relationship is destined to expand even more in the years ahead. Our ties with the PVO community are based on a number of factors: the additional resources PVOs leverage from private sources -- which has seen considerable growth over the years; the maturation of PVOs which has served to increase the quality and impact of their contributions to human and institutional development; the specialization of PVOs. and their ability to recruit and place experts in the field; their cost-effectiveness in terms of low overhead; the apolitical nature of their assistance, allowing them to provide needed assistance in politically-charged areas of the world; and, perhaps most importantly, their ability to coordinate with their non-governmental counterparts in the field, fusing together the internal and external private voluntary forces which enhance prospects for real and sustainable progress on the development front.

The list is long and growing. At the same time, the number and diversity of PVOs is long and growing. For more than a century, PVOs have been active overseas in humanitarian pursuits. Over the past twenty years, they have moved from a primary expertise in disaster relief and rehabilitation to technical assistance, institutional development and project management. Their growth and diversification has also served to attract considerable contributions from private sources, with private donations far out-stripping the increase in government contracts and grants to PVOs over the past ten years. PVOs now generate more than $2.2 billion per year in private contributions, providing a needed supplement to taxpayer dollars for international development programs.

The A.I.D. - PVO relationship serves to draw together the public and private sectors. PVOs and other non-government institutions -- such as universities, research institutions, schools and hospitals, labor unions, trade associations and civic associations -- bring the vigor of the private sector into our operations. While much of A.I.D.'s work is necessarily confined to government-to-government contacts, the PVOs and other independent institutions serve as intermediaries between A.I.D. and the private sector. We look to the PVOs to help us with the many private enterprise initiatives we are emphasizing in our program portfolio, such as microenterprise development and the transfer of social services from the public to the private sector. By virtue of their grass-roots orientation, the PVOs provide direct channels for private, people-to-people initiatives which broaden the participation of individuals in the decisions which affect their economic and social status.

II. A.I.D.'s RELATIONSHIP WITH THE PVOs: CURRENT AND FUTURE

Currently, there are 245 private and voluntary organizations and cooperatives registered with A.I.D. These organizations play an increasingly important role in the formulation of A.I.D.'s policies and programs. PVOs are integrated into A.I.D.'s entire portfolio, including activities in agriculture, nutrition, population, health, education, human resource development, small and microenterprise development and technology transfer. Its is important to have strong communication between A.I.D. and the PVO community in Washington, but our interaction in-country is even more vital. PVOs provide an on-the-ground network of international development experts with a wealth of knowledge and experience. The vast majority of public funds to PVOs are provided through our field missions, which reflects the field-based focus of PVO activities and concerns.

In FY 1988, A.I.D. obligated $451 million in support of PVO programs, compared to $234 million eight years ago. Hence, in the last eight years, our level of involvement with and support for the PVOs has almost doubled. In the same time period, the percentage of our economic assistance funds devoted to the PVOs has risen from 13.2% to 20.2%, and the estimate for FY 1989 -- which invariably increases during the course of the fiscal year -- amounts to 21.2%. A.I.D. also administered $301 million in P.L. 480 Title II commodities and related ocean freight to support PVO food-based programs overseas. This amount is projected to increase to $335 million in FY 1990.

These figures illustrate a firmly rooted trend toward increasing levels of A.I.D. support for PVOs and cooperatives.

Evidence from recent evaluations indicates that with resources invested by A.I.D., many PVOs have turned their attention to strategic planning, monitoring and evaluation to facilitate better design, management and implementation of development activities by themselves and by local organizations. PVOs such as: ACCION International, a leader in microenterprise development; Helen Keller International, combating Vitamin A deficiency; CARE, with its growing expertise in agroforestry projects; and World Vision, with a successful network of water and sanitation projects, all set a high standard of technical excellence.

A.I.D. helps PVOs to develop a clearly defined development strategy and assists in the building of institutional capacity to carry it out. Because developing country affiliate organizations are becoming a more significant component of U.S. PVO activities, A.I.D. is encouraging PVOs to strengthen their links to host country non-governmental organizations. An examination of over 1,400 A.I.D. contracts or grants listed in the 1987 Expenditure Report show that PVOs are working with their indigenous counterparts over 70% of the time. This commitment to the creation, fostering and nurturing of autonomous local institutions demands of U.S. PVOs sophisticated organizational development and management skills.

While the capabilities of PVOs have spread into many new areas of development, A.I.D. continues to rely heavily on the disaster relief expertise of PVOs. PVOs provide our primary network for the distribution of emergency food aid and other relief supplies. They also are the principle agents of our orphan and displaced children assistance activities in Africa. In 1985, $7.6 million was channeled to PVOs through A.I.D.'s Office of Foreign Disaster Assistance. This figure rose to $15.9 million in 1988.

A good illustration PVO effectiveness in disaster relief can be found in the Ethiopian drought of 1987 and 1988. The PVOs played an invaluable role in the successful response of the United States to alleviate suffering in the drought and war ravaged areas of Ethiopia. Their knowledge of the affected areas, in-place operational logistics -- including trucks and warehouses, and working relationships with local RRC and peasant associations, enabled the PVOs to assess problems early and develop appropriate relief proposals.

With support from A.I.D. and IBM, Volunteers in Technical Assistance (VITA) manages a disaster information clearinghouse which tracks the responses of the U.S. to disaster victims overseas.

III. EFFECTIVENESS OF PRIVATE VOLUNTARY ORGANIZATIONS

As PVOs assume greater levels of responsibility and resources, it is appropriate to ask how effective they are: What are their relative strengths and weakness and what can we do to enhance their effectiveness? These questions were put to the test in a year-long evaluation conducted by A.I.D.'s Advisory Committee on Voluntary Foreign Aid (ACVFA). From June, 1987 to July 1988, five public meetings involving testimony from 40 public and private development experts explored various aspects of PVO performance. This Committee confined their enquiry to four particularly relevant determinants of effectiveness: sustainability, managerial effectiveness, cost effectiveness and policy change.

A. Sustainability: A number of factors were considered under the general rubric of sustainability, including the development of strong local institutions, grass-roots participation, sensitivity to social and cultural patterns and financial and economic realities, attention to longer-term implications in project planning and design and environmental constraints. The Committee found that of all the factors affecting sustainability, the most important are the capacity of local organizations to identify and solve problems and the direct involvement of beneficiaries. They also found that those PVOs with clear missions and program focus are more likely to understand those factors which lead to sustained project benefits. However, to the extent that external factors, such as government policies and complex market structures, affect sustainability, PVOs can be at a relative disadvantage unless they work to strengthen their analytical capabilities and their close collaboration with local organizations and other PVOs.

B. Management Effectiveness: PVOs face a difficult management challenge. Beyond the broad geographic scope of their activities, trade-offs between administration/ fund raising and program resources present difficult choices. In very general terms, the Committee found that PVOs do well in: staff management and motivation, cost management (due to relatively low salaries and operating habits), their ability to adapt to volatile, challenging environments, and networking with local community groups and NGOs. Additional effort needs to be focussed on: strategic planning, technical back stopping, policy planning, economic analysis and the transfer of skills and managerial capabilities to NGOs.

C. Cost Effectiveness: It is exceedingly difficult to measure the cost effectiveness of PVOs as a group. A number of variables will distort cost-benefit ratios, such as research versus implementing agencies, reliance on private versus public resources, expatriate versus local staff and the degree of risk or relative difficulty of a PVO's operations. The Committee found that PVOs should develop an ability to conduct cost-benefit analyses as a management tool, but cautioned that this type of analysis needs to be supplemented by other tests of cost effectiveness because of the imprecise nature of development. Also, given the immense diversity of PVOs, each PVO must design its own approach to cost-benefit review. Finally, it was found that cost effectiveness comparisons between PVOs can be misleading.

D. PVOs as Agents for Policy Change: The success or failure of PVO projects can be profoundly affected by government policies on all levels: local, regional and national. While this phenomenon appears to be well understood by PVOs, their interest in and attention to policy dialogue is a new undertaking for most. PVOs need to develop a better appreciation for the linkages between successful and sustainable projects and government policies. Some need to work with other PVOs and local organizations to strengthen their ability to influence policies, while at the same time recognizing that the smaller, highly specialized agencies are not proper staffed or situated to engage in constructive policy dialogue. The Committee also found that PVOs will be most credible and effective if they focus their discussions with government officials on documented experiences, rather than debating ideological, humanitarian or political issues.

In its final report to the Administrator, the Committee identified four common attributes that were associated with PVO effectiveness: a clear vision, strategic planning, management and evaluation systems, and local affiliation.

IV. CASE STUDIES IN A.I.D. - PVO COOPERATION

One of the primary emphases of A.I.D.'s support for the PVOs is to strengthen their capacity to manage, staff and evaluate their programs. In partnership with A.I.D., PVOs have greatly increased their cadre of technically competent personnel over the past decade, both international and foreign national staff. Organizations such as Save the Children Federation, with 2,000 employees active in 70 countries, are benefiting from resource support from A.I.D. for child survival activities. SCF has assumed a leadership role in the provision of technical guidance and innovative support in child survival interventions in a number of countries.

World-wide PVO development activities are supported and strengthened through six competitive grant programs administered by A.I.D. Funding for these programs amounted to $55 million in FY 1988, with $22 million for matching grants, $15 million for child survival and vitamin A activities, $6 million for cooperative development, $3 million for development education, $5.4 million for food development grants and $3.5 million for the commodity freight program.

The successful association between A.I.D. and the PVOs is most vividly demonstrated by examples of how we have merged our resources and talents in the field. For instance, A.I.D. funds a cadre of private sector technical consultants, such as WASH and The Experiment in International Living, whose technical expertise is made available free of charge to PVOs. These consultants provide much needed technical training and assistance in various aspects of development, including natural resource management, commodity management, sanitation and microenterprise.

In partnership with A.I.D., World Vision Relief and Development has focussed on several critical program areas, including water development, child survival/ health and food aid support for development programs. World Vision's Africa Water Program, which is bringing clean water to five African countries through the drilling of hundreds of wells, is supported by a $2.3 million matching grant from A.I.D. With this grant, World Vision has been able to raise three times that amount in private contributions for the three year life of the program. By virtue of A.I.D.'s program and reporting requirements, World Vision's field staff has learned accurate statistical reporting methods and received training in the design and implementation of child survival projects. Technical workshops, such as the 1987 Zimbabwe Child Survival Workshop, have provided World Vision and other PVO and NGO

staff with a forum for discussing the technical and programmatic issues involved in child survival and to learn about medical advances in this area.

In an effort to mitigate the impact of fiscal austerity programs on the urban poor in Guatemala City, A.I.D. and CARE developed a food for work program. Unskilled residents of urban slum areas are building roads and sewage systems in exchange for daily rations of corn, beans and rice. This project is serving two purposes: the nutritional needs of over 28,000 workers and their dependents are being supplemented, and 154,500 residents of 55 slum areas are benefiting from the excavation and placement of waste-water systems and sewerage treatment plants. Participants are instructed not to sell the food and are tracked to their homes to make sure that the food is not diverted. A recent site visit concluded that this is a highly successful project which should be replicated in other areas.

Another good example of A.I.D./PVO collaboration is the $4.4 million Africare project in Rwanda. With a grant from A.I.D., Africare worked with rural Rwandans to build five new villages from the ground up. Since 1983, 250 mudbrick houses have been built, entirely from locally available materials, individual wood lots, fruit trees and other crops have been planted, schools and health clinics have become operational and small businesses are flourishing.

The A.I.D.-supported Renewable Natural Resource program by CARE has served as a catalyst for the creation and replication of numerous agroforestry systems. The original 1981 matching grant of $2.7 million was followed-up by a partnership grant in 1987, in which A.I.D.'s $8.9 million was combined with $15 million from CARE. CARE is now funding 28 agroforestry projects in seven countries. Their agroforestry approach has been used as a model by other development agencies, including A.I.D.'s own missions in Indonesia, Lesotho, Sudan, Rwanda and the Comoros. European donors, such as NORAD, DANIDA and ODA are now supporting agroforestry projects based on the CARE pilot projects, as are other U.S. PVOs, such as Save the Children, Africare and World Vision.

V. PVO WORK WITH WOMEN IN DEVELOPMENT

A.I.D.'s Office of Private and Voluntary Cooperation developed an Agency Plan in 1988 to more fully incorporate Women in Development (WID) concerns in the overall program and project activities of PVOs. Efforts have been made to ensure that gender is included appropriately in all PVO grant proposals.

Last year, A.I.D. funded a grant for the Center for Population and Development Activities (CEDPA), to strengthen the management skills of women in developing countries. The first training workshop brought 17 middle-level women managers involved in health, family planning and income generation programs in Latin American countries together to exchange ideas and enhance their organizational skills. These workshops attempt to redress the historical bias toward male participation in international training. With 80% of their alumni being women, CEDPA involves their alumni to assist in these training and skills development workshops.

With a small seed grant, A.I.D. and the Ford Foundation have provided funding for the Women's Legal Services Project in Nepal. This activity provides legal counsel for poor Nepalese women, along with a women-oriented legal literacy program. Literacy problems have been overcome by the utilization of picture illustrations of women's legal rights. Over 2,500 women have been counseled, close to 1,500 women have been assisted in filing suits in the courts and petitions to the Royal Palace, and approximately 1,300 women have participated in legal literacy workshops. About 70% of the court cases have been concluded in favor of the women petitioners. An evaluation of the project concluded that this project has been extremely effective in addressing women's rights.

Through the promotion of income generating activities, Save the Children Federation in Bangladesh is supporting the establishment of community women's groups to promote child survival activities. Research has confirmed a significant association between reduced infant mortality and the establishment of mothers groups for the purpose of promoting health education and income generating activities among economically disadvantaged mothers and children.

VI. CONCLUSION

A.I.D. enjoys a strong, dynamic relationship with the PVO community. This partnership will continue to flourish and take on even greater dimensions as we move, in tandem, toward the next century. The challenges of the 21st century create new opportunities for us to reexamine our approaches and better target our efforts. The Congress, the Administration and the PVOs have all been deeply engaged in this process of rethinking and adjusting our approach to development assistance.

A myriad of thoughtful, reflective studies and reviews of the foreign assistance program have been undertaken in the past few years. Building on these studies, the House Foreign

Affairs Committee, under the leadership of Congressmen Hamilton and Gilman, conducted their own review of the history, successes and failures of the program.

The House Foreign Affairs Committee is well into its effort to rewrite the Foreign Assistance Act of 1961. At this juncture in time, it is not possible for any of us to project the outcome of that exercise. However, it is possible to state that, regardless of the mechanism in A.I.D. to provide a forum for policy and programmatic deliberations between A.I.D. and the PVOs, our relationship will continue to evolve and expand. A.I.D. is as dependent upon the PVOs, to implement and guide our activities, as the PVOs are upon A.I.D., to provide needed funding and technical support.

Our partnership has produced a positive impact on human lives in all parts of the world. We can be proud of the work we have accomplished together, and move forward to build on the solid foundation we have established. It is a relationship to which A.I.D. attaches great importance.

Additional Questions for Richard Bissell

Submitted by Hon. Mickey Leland

CENTER FOR PRIVATE VOLUNTARY COOPERATION

Mr. Leland: Some groups have proposed the establishment of a center for private and voluntary cooperation as a means of strengthening the role of PVOs in the foreign assistance program. What is your view of the creation of such a center?

Answer: Formal structures already exist within A.I.D. to ensure dialogue and coordination between A.I.D. and the PVO community. This concept is, therefore, not necessary from an operational viewpoint and is potentially quite costly.

We have a number of concerns about the legislation and its provisions. First, the authorities of the proposed center would overlap with the A.I.D.'s established responsibilities and create a redundant operational role in the administration of our programs, without any real improvement in program management.

Also troubling is the subsection which would create an advisory board for the center. Empowering the advisory board with the authority to "develop policy and procedural recommendations" constitutes micromanagement. Also, making recommendations to the Administrator

on the budget of the center appears to be a "backdoor" means of earmarking and, as such, is objectionable. Finally, the Administrator should not be a member of a board which advises him.

The advisory board would also submit an annual report to the Administrator and to the Congress "making such recommendations as the board deems appropriate." This creates the appearance of the board serving two masters.

Finally, allowing the board to create subunits to assist in its activities is also objectionable, as these subunits would form another expensive, bureaucratic layer, and would impose added administrative costs on the operating expenses of the Agency.

The establishment of a permanent Advisory Board for Private and Voluntary Organizations and Cooperatives, as recommended by the Administration, is a more cost-effective, straightforward mechanism for achieving the desired communication between A.I.D. and the PVO community.

DEBT FOR DEVELOPMENT

Mr. Leland: A.I.D. has recently announced a "debt for development" program as a response to the debt crisis facing many developing countries. Will you explain to the committee how this program proposes to benefit debtor nations and what role PVOs have in the operation of this program?

Answer: Under the Debt for Development Initiative, a PVO or other A.I.D. grantee may, with prior A.I.D. approval, use some or all of the foreign assistance funds it receives to purchase the debt of their LDC client country at the discount price at which such debt is currently bought and sold on the secondary commercial market. The PVO, usually with the assistance of a financial intermediary, then arranges to exchange the debt instrument, which is typically denominated in dollars, for the local currency or other asset of their client country needed for development activities. The end result is that the external debt burden of the client country has been reduced. The PVO receives more local currency units per dollar than would otherwise be the case because it has bought the dollar debt at a discount and exchanged it at close to face value for local currency.

PVOs (and other non-governmental organizations) play a central role in the Debt for Development

Initiative and are the major beneficiaries. They are the ones who have activities in developing countries and who benefit directly from leveraging part or all of their A.I.D. grant into local currencies. This increased availability of local currencies, in turn, allows increased services in the host country.

A.I.D. has provided major funding for the Debt for Development Coalition, with offices in Washington, to provide assistance to the non-governmental community with the usually difficult and unfamiliar financial terrain encountered in debt conversions, including those convrsions approved as part of the A.I.D. Debt for Development Initiative.

PRIVATENESS OF PRIVATE AND VOLUNTARY ORGANIZATIONS

Mr. Leland: As a more legitimate test of privateness, would you favor increasing the percentage of non-governmental funding that PVOs must maintain in order to participate in A.I.D.'s grant program? Going beyond the matching percentage what other criteria would you suggest for increasing the independence and privateness of PVO activities.

Answer: It is to no one's advantage to create PVO dependence on U.S. government funding, but at the same time fund-raising abilities are often unrelated to the quality or content of an organization's program. It is easier to raise funds for some activities over others, but all forms of expertise are necessary to achieve overall developmental goals. We would not want to see valuable, effective PVOs suddenly cutoff from A.I.D. funding because they have a difficult time attracting public contribution for their field of endeavor.

Increasing the privateness percentage would give undue weight to private cash contributions while ignoring important resources such as donated goods and volunteer services which PVOs also invest in their international programs.

A.I.D. has kept statistics on PVO financial independence since 1979. Our trend analysis demonstrates that PVOs are not becoming more dependent on U.S. government funds. Each PVO is remarkable stable in the percent of funds it receives from A.I.D. For these reasons, I do not support increasing the private support percentage.

U.S. PVO COLLABORATION WITH LOCAL PVOs

Mr. Leland: In your written testimony you have indicated that A.I.D. had concluded, as a result of it own study, that the sustainability of development work undertaken by a PVO will depend, in large part, on the degree to which the PVO collaborates with local organizations. What form should this collaboration take as it pertains to the relationship between indigenous and U.S. PVOs? Should A.I.D. establish direct links with developing country PVOs or simply encourage these PVOs to act through U.S. intermediaries? What are the administrative and political risks of establishing such direct links? How might indigenous umbrella PVO associations be a preferred vehicle for such linkages?

Answer: A.I.D. expends considerable resources to assist U.S. PVOs to institutionalize the development process among indigenous NGOs and to make their operations self-sustaining. I believe that U.S./indigenous PVO partnerships, used to implement development activities in Third World countries, facilitate long-term relationships with indigenous NGOs even after specific program activities terminate.

However, there are situations where this U.S. PVO-NGO relationship may not be desirable, such as when there is a lack of U.S. PVOs in a developing country, a desire by a USAID Mission to maintain a close relationship with a given NGO for political reasons, or a mission decision to support an indigenous PVO umbrella organization without going through U.S. PVOs.

THE ROLE OF PRIVATE AND VOLUNTARY ORGANIZATIONS

Mr. Leland: A.I.D. policy as set forth in its 1982 statement on PVOs, requires it to take into account the diversity of the PVO community. How is this policy executed in identifying and recruiting PVOs not currently cooperating with A.I.D. but who can contribute to development assistance efforts? What can you perceive the role of the PVOs to be independent of the U.S. foreign aid program? Are important national interests served when PVOs operate outside of the U.S. foreign assistance program?

Answer: Opportunities for A.I.D. funding for PVOs are presented at conferences conducted throughout the country, throughout the year, by our Office of Small and Disadvantaged Business Utilization.

The Office of Private and Voluntary Cooperation has developed a brochure entitled, "The A.I.D.-PVO Partnership" which describes PVO funding opportunities and the registration process. It is widely disseminated both on request from us and to organizations to whom others may send requests (i.e. InterAction).

As you know, our Administrator recently issued a report entitled, "Development and the National Interest" which discusses big development issues including the question of non-profit assistance to development. The report found that:

-- The PVO community is diverse and tends to work overseas on behalf of a U.S. constituency which represents the American values of pluralism and humanitarianism.

-- PVOs can often work in situations too politically charged for official government assistance.

-- The greatest advantage of PVOs is their collaboration with indigenous PVOs in the countries in which they work. Such organizations are uniquely placed to operate at the grass roots level and to help individuals left out of current large-scale programs.

We believe that the grass roots, self-help, operational mode of PVOs does serve important national interests, even when operating outside of the U.S. foreign assistance program. The development process to which they contribute will lead, from an economic standpoint, to greater prosperity, trade, and stability for the United States and the world.

PVO EVALUATIONS

Mr. Leland: How is the effectiveness of PVO grantees and contractors evaluated? What is the criteria used and to what extent does this criteria incorporate development assistance programs?

Answer: The Office of Private and Voluntary Cooperation (PVC), which in FY '89 is granting $55 million to PVOs, has a strong evaluation program. PVC requires that every PVO requesting matching grant funding must discuss ways key findings of past evaluations have been incorporated in current programs. A list of evaluations done and a copy of the most recent evaluation must be submitted with new proposals. In addition, PVC-funded projects require detailed evaluations and end-of-project evaluations.

Proposals must show a logical framework specifying goals, purposes, outputs and inputs of activities to be carried out. For each element in the framework, objectively verifiable criteria (critical indicators of progress) must be spelled out. These criteria depend on the sector and type of project in question. Some examples include the following: (1) jobs created in a

micro enterprise development project; (2) growth parameters or feeding behavioral change of beneficiaries in a health project; or (3) number of local organizations assisted or strengthened in an institutional strengthening effort.

Because of the expense and lack of sophistication in evaluating development goals and purposes, PVO's often rely upon outputs as monitoring and evaluation criteria; PVOs might track the number of trees planted in an agroforestry project, or the number of persons immunized in a child survival project rather than the overall development impact of such activities. However, PVO institutional capacity for monitoring and evaluation has been greatly strengthened by PVC in recent years and is increasingly relied upon for impact measurement.

Feedback from beneficiaries - Beneficiaries of PVO projects range from individual householders who are directly serviced to local institutions and organizations who in turn may be involved in providing credit, health services, technical advice or other benefits to households and

communities. Feedback from beneficiaries, therefore, is sometimes quite indirect due to the mediating relationship of the local institution to the U.S. PVO, or may be more direct through field site visits and consultation (for instance the Cooperative Development Organization, Volunteer in Overseas Cooperative Assistance, visits and evaluates each volunteer placement).

External evaluations of PVC have focus in large in measure on the institutional efforts of PVOs, and have heavily relied upon the PVO's own field monitoring and evaluation systems for data on beneficiary feedback. PVOs are encouraged to use rapid appraisal techniques to gather information directly from household beneficiaries.

A special sustainability study, now in the planning stage, is being financed by PVC. The study will sample PVO projects across all global regions and sectors. A principal methodology will be an in-depth case study approach involving direct interviews of beneficiary individuals and groups.

CREATION OF AN INDEPENDENT PVO FUND

Mr. Leland: In your written submission you acknowledged a trend during the 1980s of growing A.I.D. funding support for PVOs. Congress is urged by some to continue this trend and cautioned by others against the closer identification with U.S. government interests and loss of independence that increased funding threatens to bring to the PVOs. What is your view on this issue? As a means of maintaining the independence of PVOs, some have proposed the creation of an independent PVO fund to which the government would contribute and from which the PVOs would draw to finance projects. In structure, this fund might resemble the Inter-American Foundation or the African Development Foundation. What is your view of this proposal?

Answer: Although there has been an increase in funding made available to PVOs from A.I.D. bilateral programs, PVO non-U.S. Government resources for international programs have increased at a faster rate than U.S. Government resources. The result has been an increase in total resources invested in international development activities.

I do not support the creation of an independent PVO fund for several reasons. First, the effectiveness and independent nature of PVOs has been maintained in the existing relationship which is more accurately described as an A.I.D/PVO partnership, not a client-employer relationship.

Second, it is critical that PVO activities be integrated within the overall policy and strategy context of A.I.D. country programs. Important steps have been taken in recent years to accomplish this goal. Both A.I.D. and PVOs have benefited from our joint programs: PVOs gain access to broader sector strategies and policy dialogue while A.I.D. is provided access to opportunities and solutions to constraints to local development. We have complementary strengths and weaknesses, expanding the effectiveness of the total U.S. development effort.

Creating a separate PVO fund would undermine the partnership we have developed with the independent sector. Separating PVO funding decisions from A.I.D. could marginalize PVO interests and policy input into the total foreign assistance effort of the U.S. just at a time when the PVOs and Coops are achieving more impact through their joint programs with A.I.D. or the PVO community.

Third, any fund, although "separate" would be known as having been established by the United States government and, therefore, would not serve the long-term purpose of distancing PVOs from the United States.

Finally, PVOs would continue to receive most of their funding from A.I.D. central and regional bureau programs, rather than the proposed fund, and would continue to be identified with the United States government.

PVO FUNDING MECHANISMS

Mr. Leland: Criticism has been made of how A.I.D. funding mechanisms and restrictions preclude meeting programming needs. Some projects, particularly in the population and environmental sectors are long term by their very nature but are funded only in one or two years stages. Doesn't the uncertainty of funding, particularly through the contracting process, adversely affect performance, particularly a PVOs willingness to make the necessary investments in personnel, equipment, etc.? What is the impact of switching grantees or contractors once a program has been started? How is this problem handled? Does the grants mechanism offer any particular advantage for long-term programming? Would the independence afforded a PVO grantee interfere with a comprehensive approach A.I.D. might need to maintain in a particular development sector such as family planning?

Answer: While A.I.D. funding for project activities is sometimes incremental, grant activities are approved for the life of the project. This assures PVOs that full funding will be provided for approved activities.

When an Assistant Administrator determines that changing the grantee or contractor in the middle of an ongoing program would be a serious problem, he or she may authorize a noncompetitive procurement or noncompetitive grant.

Both grants and contracts are restricted to a length of five years at any given time, by statute so there does not seem to be any particular advantage to grants for long-term programming.

A.I.D.'s policy is to award grants to PVOs from set-aside funds on a competitive basis. Proposals are submitted which describe the programs that the PVOs propose to undertake to achieve overall programmatic objectives. We can and do occasionally contract with PVOs when the nature of the activity calls for us to find an implementor for an A.I.D. activity. The fact that we make grants to support a particular PVO program does not interfere with a comprehensive approach to dealing with a particular development sector. The important thing is collaboration with PVOs on the overall strategy for achievement of goals. Having the flexibility to choose the appropriate agreement used to implement programs to achieve these goals does not interfere with maintaining a comprehensive approach to goal achievement.

PVO TRANSITION FROM RELIEF TO DEVELOPMENT PROJECTS

Mr. Leland: As you have indicated in your submitted testimony, most PVOs in recent years have shifted their emphasis from relief projects to long term development activities. In your view, have they made this transition successfully? What is A.I.D. doing to assist this transition? In which development sectors have U.S. PVOs been most successful? In which have they failed.

Answer: With A.I.D.'s encouragement and financial assistance, the U.S. PVO community has expanded its traditional focus from humanitarian assistance and disaster relief to address the root causes of hunger, illiteracy and early death. It is important that the U.S. PVO community involve itself in the longer term problems facing developing countries, while maintaining its capacity to respond to disasters, as evidenced by the recent African famines.

A.I.D.'s Matching Grant Program helps PVOs develop a clearly defined development strategy and assists in building the institutional capacity to carry it out.

Evidence from recent evaluations indicates that, with resources invested by A.I.D., many PVOs have successfully turned their attention to strategic planning, monitoring and evaluation and to efforts that improve the design, management and implementation of development activities both by themselves and by local organizations.

Because strengthening of host country non-governmental organizations is particularly important in spreading development to the grassroots level and broadening the participation of individuals in improving their social and economic status, we also encourage U.S. PVOs to continue to develop their already strong expertise in this area.

A February 1986 report to the Congress, "Development Effectiveness of Private Voluntary Organizations (PVOs)", stated that PVO effectiveness can be measured various ways. This report focussed on PVO effectiveness in contributing to A.I.D.'s development assistance strategy. The report noted that PVO's, perhaps due to their grass-roots approach, are not generally considered to have major impact on government policies, but that "...in at least two sectors -- primary health care and micro-enterprises -- PVOs have had a profound and enduring effect on national policy." In the first sector, PVOs are showing that rural, community-based primary care is more effective

than urban hospitals and clinics. In the second sector, perhaps 40% - 50% of the working age population in developing countries derive their income from informal businesses, but the economic importance of micro-enterprise was essentially overlooked until the PVOs began their work.

In general, PVOs play a critical role in assisting less accessible, poorer areas of a country. For example, "PVOs are the major force in developing water and sanitation facilities in rural areas of the Third World." Also, "PVOs adopt simple, often innovative, labor-intensive technology to local conditions," resulting in identification of effective approaches to such sectors as credit and agroforestry. A May 1989 report, "Accelerating Institutional Development" says "Institutional development with Third World affiliate organizations increasingly is becoming a significant component of U.S. PVO activity."

PVO failures are not so much a question of sectors as they are of specific factors typical of many PVOs, as noted in the 1986 report:

* While PVOs can have impressive results locally, many PVO projects are too small and localized to have regional or national impact.

* PVOs have not focused sufficiently on designing fiscally solvent, self-sufficient projects.

* PVOs need to operate less in isolation and more by pooling their resources and thinking in joint efforts with other PVOs.

* Many PVO projects suffer from a lack of sufficient technical and managerial staff.

* Some PVOs focus their scarce resources on delivery of services, thus shortchanging the development of information such as baseline data and lessons learned. Valuable lessons are often lost.

On balance, we believe that PVOs constitute a valuable component of A.I.D.'s development apparatus and with continued guidance and support, their skills and expertise will become even stronger and more diverse.

PREPARED STATEMENT OF HON. BILL EMERSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSOURI

I would like to join the Chairman in welcoming our witnesses to this hearing on the role of private voluntary organizations in U.S. foreign aid. Over the years I have developed a great admiration for the PVOs and the work they are doing.

I have always been impressed with the dedication of the men and women who have chosen to work with these organizations overseas under some of the most trying circumstances. Together with AID field staff, these individuals have truly been able to accomplish miracles.

During the 1984-1986 famine in Ethiopia, I witnessed firsthand the PVOs struggle to deal with a tragedy that defied imagination. A few weeks ago I was again in Ethiopia and Sudan, and I am proud to report that our PVOs are leading the effort to avert another tragedy in southern Sudan.

It occurs to me that one of the major strengths of AID-PVO cooperation is the ability this creates to help people, like those in Ethiopia or southern Sudan, who are caught in tragedies that are largely political in nature. Individual Americans can often help in ways and areas that are difficult or impossible for U.S. officials.

At the same time, the PVOs bring a valuable source of supplemental funds to international development work. Many Americans are reluctant to spend tax dollars on foreign aid, but are remarkably generous with their own contributions to church or community groups that support overseas work.

I will be interested in hearing today what recommendations our witnesses have for the future of AID-PVO cooperations. The Foreign Affairs Committee, which has legislative responsibility over this issue, is currently considering a revision in the Foreign Assistance Act. The Hunger Committee, as an oversight body, will be interested in passing on to the relevant Committees and Members whatever insights and observations you may have.

I welcome your testimony.

PREPARED STATEMENT OF DAVID C. KORTEN, VICE PRESIDENT FOR ASIA, INSTITUTE FOR DEVELOPMENT RESEARCH

Current global realities require a redefinition of the problem of global poverty and hunger. Too much of our thinking has been concentrated on achieving a redistribution of existing food supplies, primarily through humanitarian assistance measures. The reality of the 1990s is likely to be one of increasing absolute food shortage.

- The World Watch Institute reports that global per capita food output has been declining since 1984.

- These trends will almost surely be exacerbated by the growing environmental crisis that includes large scale climatic change, rapidly dropping water tables, loss of top soils, reduction of natural soil productivity, and the destruction of coastal fisheries.

- Meanwhile the need grows. Each year of the coming decade is expected to set a new record for the number of human beings added to the world population.

These facts are surely well known to this Committee. They almost insure alarming increases in poverty and hunger during the 1990s. The resulting conditions will fuel regional conflict, communal violence, drug abuse, and refugee flows, conditions that will increasingly define the dominant security threat to the United States.

As surplus food stocks disappear, dealing with the problems of poverty and hunger through humanitarian assistance will become a disappearing option. Attention must be addressed to the underlying structural causes of the problem. These include:

1. The persistence in most Third World countries of non-democratic political institutions that allow privileged elites to engage in reckless exploitation of national resources for short-term personal benefit without public accountability.

2. High levels of military expenditure that divert resources from productive uses, often for the primary purpose of suppressing valid dissent.

3. A conventional wisdom that fails to discriminate between true sustainable development and temporary increases in national consumption achieved through financial and environmental borrowing.

4. Development assistance policies that subordinate people and environment to the over riding objective of debt repayment, using additional loans (read debt) as an inducement.

5. A widespread and politically convenient assumption that the problems of poverty will yield to economic stimulus combined with improved public services, rather than facing the need for substantive change in economic and political structures.

With few exceptions the public agencies we look to for development leadership are ill equipped to deal with such issues.

- The multi-lateral banks are lending institutions. They can only offer assistance with solutions based on increased borrowing (read debt). Yet existing debt is already a major problem.

- The multi-lateral agencies, being inter-governmental organizations, are commonly barred by charter and governance structure from dealing with political issues. Yet political issues are the heart of the matter.

- Most public development assistance agencies (whether bi-lateral or multi-lateral) find it difficult to channel funds to organizations other than central governments. Yet this legitimates centralization and undermines the recipient government's accountability to its own people--major contributors to the current problem.

The ability of most public international assistance agencies to channel funds to organizations that are inclined to challenge existing policy is severely constrained. Yet such challenges are essential as our future security depends on innovation, especially innovation in institutions and values, on a massive scale. Voluntary organizations have an essential and distinctive role to play in driving the needed social innovation.

The true voluntary organization is created as a product of the value commitments of individual citizens who share a vision of a better society and who are prepared to commit their money and their energy to actualizing that vision. We have seen the power of voluntary action as a social force in the United States in the environmental movement, the civil rights movement, the peace movement, and the women's movement--to name only a few. In each instance the problem addressed could not have been addressed successfully by government alone. Broadly based citizen action was essential. Similar action is essential in dealing with the global problem of hunger and poverty.

The old competition between capitalism and socialism has little meaning for contemporary developing nations. The relevant competition is now between conventional growth models based on unrestrained resource exploitation, absentee ownership, export promotion, debt financing, centralization of government power, and large scale capital investments that concentrate economic control in the hands of a few (whether investment bankers or political bureaucrats); and alternative growth strategies based on increased sustainable productivity of local resources, local market development to meet local consumer needs, broadly based producer participation in the ownership of productive assets, and a participatory democracy grounded in strong grass roots organizations and local government. The alternative growth strategy is largely a product of the thought and action of voluntary organizations throughout the world.

How well are the U.S. PVO community and AID positioned to contribute? Here again we face harsh realities.

- Neither AID nor the U.S. PVO community itself makes any distinction in its statistical reporting between humanitarian assistance activities directed to the consequences of hunger and poverty, and development assistance directed to their causes. There is, however, strong indication that the substantial majority of resources go for humanitarian assistance. The portion of the total assistance going for serious advocacy and public education is minuscule.

- Not all U.S. PVOs are voluntary organizations by our definition. Many might be better described as non-profit businesses in that they are staffed by paid professionals, lack broadly based volunteer constituencies (except for contributors attracted by sophisticated and sometimes misleading advertising campaigns), and are driven more by donor market demand than by any coherent development vision or value commitment.

- As a policy implementing arm of the U.S. foreign policy establishment, AID is best suited to funding fairly conventional humanitarian assistance and project implementation activities of mainstream non-profit international assistance groups. Its own procedures and audit regulations limit flexibility, and its relationship to recipient governments largely precludes supporting activities by groups perceived as questioning existing policies or structures. This is an inherent limitation of AID in working with either U.S. or indigenous groups.

- Few of the U.S. organizations that have active grassroots constituencies engaged in advocacy, local action, and public education are engaged internationally. AID has only limited contact with these groups.

- AID lacks an effective mechanism for developing overall agency policy on its relationship to the private non-profit sector. Consequently, support for either U.S. PVOs or indigenous non-governmental organizations is commonly viewed as peripheral to AID and AID mission strategies. This reflects serious limitations in AID's ability to support grass roots development.

- The matching contribution required as a condition of receiving AID funds is supposed to insure that PVOs will accept government funds only for activities to which they are truly committed. The actual consequence is to turn private dollars into AID dollars and limit their application to activities consistent with existing AID policy and procedures. This limits the capacity for independent action essential to the voluntary sector role.

Recommended legislative actions:

1. Recognizing inherent AID limitations in supporting U.S. voluntary organizations in their more innovative roles as social catalysts, Congress should establish and fund an independent public foundation to encourage participation in international development

cooperation by a broad range of U.S. voluntary organizations in roles that emphasize advocacy, policy analysis, education, and networking.

2. The requirement for matching contributions on specific projects should be eliminated from AID grants.

3. U.S. public funding for indigenous non-governmental organizations should be increased, primarily through mechanisms such as the Inter-American Foundation, the African Development Fund, and the National Endowment for Democracy; as well as through specialized U.S. voluntary organizations such as the Foundation for the People's of the South Pacific and the Asia Foundation.

4. The Office of Private Voluntary Cooperation in AID should be elevated in status and given a mandate and capability to coordinate overall AID policy with respect to private non-profit organizations.

THE U.S. VOLUNTARY SECTOR AND GLOBAL REALITIES: ISSUES FOR THE 1990S

An Issues Paper

by

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ABSTRACT

The author argues that the current global environmental crisis casts the issues of international development in a fundamentally new light. The central task of contemporary development must be approached from the perspective of the need to establish a new relationship between human society and the global ecology that is sustainable, just, and responsive to human needs. This is the necessary and immediate priority for all human societies--rich and poor, North and South, East and West. All are equally at risk, and all face a considerable challenge in coming to terms with the institutional and values changes implied. All hold pieces of the solution. None presents a model for replication.

The problem is so complex and the need so pervasive that effective action depends on mobilizing the full resources of both the state and the civil society. The democratization of political and economic institutions is essential to creating an institutional framework within which contemporary development issues can be addressed effectively. Voluntary organizations (VOs), defined as organizations that are predominantly values driven, have a particularly important role to play as catalysts of the necessary institutional and values changes.

International assistance must be redefined to conform to the redefinition of the development task. It must become a two way process in which information, not money, is the primary medium of exchange. It must proceed at both government to government and people to people levels. There must as well be intensive two way interchange between people and government.

International VOs have a particular role to play in facilitating such information exchange at people to people levels, in global education, and in performing advocacy functions with international agencies. There will as well continue to be an important need for the involvement of international VOs in humanitarian assistance, but there must be greater clarity in the difference between humanitarian assistance that assists the victims of global systems failure, and development assistance that attacks the causes of that failure.

U.S. foreign assistance should give preferential support to democratic governments, and increase support for people to people development cooperation, recognizing the important roles of a wide range of VOs, including environmental, human rights, and women's organizations. The portion of AID assistance allocated to support of private development organizations should be increased, supported by policy changes that reduce the constraints on the independence of recipient organizations. At the same time, greater use should be made of mechanisms for channeling funds to indigenous voluntary organizations outside of the AID/State Department system. It is recommended that a new public foundation be created to strengthen public funding for U.S. based VOs that strengthen international people to people involvement in development learning and advocacy.

April 11, 1989

THE U.S. VOLUNTARY SECTOR AND GLOBAL REALITIES: ISSUES FOR THE 1990S

DAVID C. KORTEN

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THE U.S. VOLUNTARY SECTOR AND GLOBAL REALITIES: ISSUES FOR THE 1990S

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Mounting evidence of development failure during the decade of the 1980s has led development donors and governments throughout the world to a growing interest in non-governmental organizations (NGOs), or private voluntary organizations (PVOs) as they are known in the United States.[1] [Author's Note: Throughout this paper the term PVO is used when referring specifically to U.S. or U.S. dominated international NGOs. The term NGO is used for non-U.S. NGOs of both North and South. The term NGOs/PVOs is used when referring to both U.S. and non-U.S. NGOs of North and South] The decade has also been a period of critical self-examination by NGOs/PVOs themselves, often leading them to new commitments to leadership in addressing important development issues.

The needs and the issues are complex. The first concern of most development oriented NGOs/PVOs has been the reality that an increasing number of people are living in poverty and that the conditions of their lives are deteriorating, often at an alarming rate. Many of these NGOs/PVOs have concluded that this outcome is an almost inevitable outcome of political and institutional arrangements that have concentrated the control of development resources the hands of the few. They have recognized and accepted their obligation to provide greater leadership in the effort to democratize the political and economic institutions of their nations at national as well as at community levels.

Now the global environmental crisis is adding an additional dimension to the NGO's/PVO's concern. Environment is no longer simply a rich man's issue. The productivity of the already meager soils on which the poor depend is failing. Their wells are going dry. They cannot find fire wood. The coastal waters are yielding fewer and smaller fish. Those living in urban areas are crowded into ghettos best described as garbage dumps and cesspools. And all the while the numbers of the poor who depend on these deteriorating environmental spaces continue to grow. The poor are a part of the global ecological system and that system is increasingly yielding to the excessive demands human society has placed on it. They are both contributors to and victims of the resulting ecological collapse.

The frustration and despair generated by a development that no longer holds forth a credible promise of a brighter future is driving growing numbers of the poor and marginalized to embrace the security of narrow and exclusive religious dogmas and ethnic causes that encourage social cleavages and communal violence.

There has been a tendency to look to the development roles of NGOs/PVOs primarily in terms of their presumed ability to do what many governments have proven unable to do, i.e., to get a range of essential goods and services to the poor. It is becoming increasingly clear that the issues, and the necessary roles of NGOs/PVOs in the international assistance process, must go well beyond this.

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The present paper looks at these issues within their global context and attempts to provide frameworks for addressing their implications--particularly implications for U.S. PVOs and U.S. foreign assistance. An underlying premise of this study is that there is need for a fundamental redefinition of development and our approach to it and that this redefinition will in part be a product of people to people cooperation at local, national, and international levels.

An important point of departure in this redefinition is the emerging people-centered development vision of a growing number of like-minded NGOs/-PVOs.

AN EMERGING NGO/PVO DEVELOPMENT VISION

In March 1987, more than 100 development professionals from 42 countries (29 developing and 14 developed) met in London for a Symposium on "Development Alternatives: The Challenge for NGOs."[1] Pointing to the evident development failures of the 1980s--in particular the deepening debt crisis and alarming increases in absolute poverty throughout much of the world--participants in this meeting called for a fundamental re-examination of past development practices and policies, including a redefinition of the development roles of governments, donors, and voluntary organizations. The primary message came from NGO leaders from Asia, Africa, and Latin America. Their message carried such force that it has been projected into countless subsequent forums, including a meeting of the Development Assistance Committee of the OECD in Paris in November 1988.

This message is reshaping the collective vision of a growing number of NGOs/PVOs regarding the nature of the development process, with consequences that are likely to be felt throughout the following decade. The emerging new vision stresses the importance of the democratization of political and economic institutions, local action within a perspective of global interdependence, and the central role of people as both the ends and means of development. It challenges NGOs/PVOs, as instruments of voluntary people's action, to assume greater leadership in setting the directions of local, national, and global development.

The following is an attempt to outline key elements of the emerging NGO/PVO development vision as articulated in London and in subsequent forums.

Development as a People-Centered Process

The vision addresses development as: [1]

> *A process by which the members of a society develop themselves and their institutions[3] in ways that enhance their ability to mobilize and manage resources to produce sustainable and justly distributed improvements in the quality of life consistent with their own aspirations.*

This suggests that development is first and foremost a process by which people control the creation of their own future, creating those conditions that allow each individual to achieve his or her own potentials while contributing to the development of the larger community.

Democracy (broadly defined to include both economic and political democracy), social justice, self-reliance, and sustainability figure prominently in this vision. The elimination of exploitation of one individual by another--through changes in laws, institutional structures, and values--is a guiding ideal.

A Theory of Development Assistance Failure

Effective development action must be guided by a development theory that directs action to the underlying causes of underdevelopment rather than to their symptoms. According to the theory that drives the actions of a growing number of like-minded NGOs/PVOs, past development failures, especially the failure of official development action to serve the poor can be traced to the failure of this assistance to address the political and institutional dimensions of development.

Development agencies have too readily accepted the legitimacy of authoritarian structures that concentrate political and economic power in the hands of traditional elites who use this power to enrich themselves and to maintain their privileged position through extensive systems of patronage and institutionalized corruption. More experienced with the collection of rents than with the efficient management of productive assets, in all too many instances the elites in whose hands power is concentrated have been most proficient in expropriating existing wealth, in many instances actually depleting the productive assets, especially environmental assets, they control in the name of development.

Where attention has been given to the needs of the poor it has most often taken the form of goods and services that often are little more than unsustainable welfare handouts that reinforce and legitimate existing power relationships.

Foreign assistance has often been an unwitting accomplice, helping to sustain unjust and unproductive authoritarian structures by legitimating central control, providing resources for patronage, and reducing the accountability of national leaders to their own people.

Key Elements of a Corrective Strategy

The key elements of the corrective strategy are grounded in a belief that the just society is both non-violent and democratic. While the need for political confrontation may at times be essential to the creation of a just democratic society, the use of violence is to be avoided as inconsistent with the ends being sought.

The key to the creation of a just society is a process of economic and political democratization. The central task in this process is the gradual reconstruction of the institutions that allocate power within the society. The basic building block are member-accountable people's organizations (PO), which exist to serve their members, are substantially self-reliant, and feature structures and norms that insure the accountability of their leaders to their members. Such organizations increase the capacity of the poor to be economically productive and politically active, helping them obtain a fair share in the benefits of their productivity. Institutional reconstruction is accomplished through the creation and linkage of people's organizations.

Local injustice and related losses in productivity are sustained by unjust structures at local, national, and international levels. Efforts to reform these structures--including advocacy, public education and alliance building--must proceed simultaneously with organizing activities at local levels and above. This is accomplished through alliances with individuals who are sympathetic to the reforms either for reasons of self-interest or moral commitment. Public education and alliance building activities are intended to expand the base of political support.

NGO/PVO Roles and Relationships

The lead in organizing and advocacy activities, especially in matters involving political sensitivity, are most appropriately assumed by NGOs that are indigenous to the country in which they work.

International NGOs/PVOs have important roles as well, but as supporting actors. Their supporting roles include: providing technical and financial support to indigenous NGOs, facilitating international dialogue and experience sharing, supporting development education of their own national constituencies, and engaging in advocacy activities with their own governments and with international bodies such as the UN and the World Bank.

Emphasis in international exchanges among NGOs/PVOs should be on development cooperation more than development assistance. While these exchanges may involve financial flows, the most important currency in these exchanges will be information. The ideal forms of cooperation are those that focus on joint efforts to solve problems that are common to the cooperating organizations and countries.

An Unfinished Agenda

The shared vision of the like-minded NGOs/PVOs continues to evolve. To date it has focused more on the social justice dimension of the problem and the key players have been primarily NGOs of the South. Recognition of the environmental dimension of the problem is less well established, but is growing rapidly. Attention is needed to further development of thinking on both dimensions--within an expanded global perspective that comes to terms with the still inadequately examined lessons of the decade of the 1980s. Greater participation of NGOs/PVOs from the North would also be welcomed.

THE 1980s: EVIDENCE OF A NEW GLOBAL REALITY

Futurists told us throughout the 1970s that global forces were building up that would pose fundamental challenges to the established values, institutions, interests, and modes of working of human society. Some predicted disaster. Some predicted new heights of human accomplishment and prosperity. Others saw a choice point, the outcome of which would depend on the collective choices of people throughout the globe.

The 1980s have provided mounting evidence that a new accommodation must be reached between human society and the environmental systems of planet Earth consistent with the technological and institutional changes that have created a single integrated global society. This reality gives a context to current development failures that helps to illuminate why conventional approaches will not--cannot--work.

Yet the predominant global response to the accumulating evidence of a growing crisis has been to deny it. Those who tried to call attention to it were dismissed as doom-sayers. People and nations borrowed against their financial and environmental futures to reassure themselves that nothing fun-

damental had changed and that they could continue business as usual.

As the decade draws to a close, however, there is indication that a new awareness is emerging, as well as new reason for hope that solutions are possible. Depending on the perspective taken we might characterize the 1980s as a decade of failure, a decade of denial, and a decade of hope. The following brief review of the decade from each of these perspectives provides a basis for rethinking a number of critical development issues and for defining the challenges facing the U.S. voluntary sector in the 1990s.

Decade of Failure

The decade produced considerable evidence that conventional global management systems are no longer responsive to human needs.

Increasing Poverty. Even during the 1970s the number of people throughout the world (excluding China) with inadequate diets increased from 650 million to 730 million. These trends were accentuated in the 1980s, along with reported declines in life expectancy, per capita calorie supply, and real wages.[4] The human meaning of the statistics was burned into the global conscience by the images produced from the African famines. From 1980 to 1987 the countries of Sub-Saharan Africa experienced an annual decline of 2.9 percent in per capita income. Oil exporting and heavily indebted countries also experienced annual declines in real per capita income during this period.[5]

Environmental Deterioration. A faltering world economy, the threatened collapse of the global financial system, and deepening poverty are only part of the picture. Prior to the 1980s the aesthetic problems and discomfort caused by polluted air and water were the most visible indications of the environmental crisis. The relative ease with which progress was made toward solutions of these problems in selected localities contributed to a reduction of concern.

The 1980s brought home the reality of more fundamental environmental threats, evidence that human society might be well along toward making large portions of its world uninhabitable. No longer was the environmental crisis a future possibility. It had become a current reality.

People everywhere experienced the record temperatures and severe droughts that characterized the 80s. The weight of scientific opinion gradually came to confirm our worst fears, there was good reason to believe that the predicted global warming trend produced by excess combustion of fossil fuels had become a current reality. Prospects of rising sea levels resulting from polar ice caps melting seemed increasingly plausible.

Dropping water tables, loss of top soil, destruction of coastal fisheries, chemical contamination of drinking water supplies and residential lands, depletion of the protective ozone layer, water logging and salination of prime agricultural lands, pollution of beaches, record floods, the build-up of radioactive wastes impinged directly on more and more lives, reaching proportions that could no longer be ignored.

Declining Food Security. Warnings that the continued record expansion in world food output sustained between 1950 and 1984 was not assured took on a new reality in the face of persistent per capita declines in grain output from 1985 forward, a total decline of 14 percent over the past four years.

Even more alarming is the indication that the record levels of world grain production achieved in the early years of the decade had been achieved at the expense of unsustainable mining of top soils and ground water supplies, and that the temperatures and droughts that contributed to the decline might represent long term trends.

The unbroken history of expansion of land area devoted to grain production reached an all-time peak in 1981 and has declined since by 7 percent.[6] While there will be continued movement to bring more of the remaining largely marginal and ecologically unstable uncultivated lands under cultivation, the rapid loss of agricultural land to urban and industrial uses combined with loss due to environmental mismanagement makes a reversal of the overall trend unlikely.

At best we must anticipate a slowing of growth in global food production. At worst we may face a decline, even as competition for available supplies grows. It is likely that 1984 will turn out to have been the historical peak in per capita food production for planet earth for a long time to come.[7]

Increasing Population Pressure. In 1987 the world population passed the 5 billion mark. At current birth rates it will double again in 40 years. In the latter half of the 1980s, population was growing at the rate of 82 million persons per year. By the latter half of the 1990s it is expected to be growing by 91 million a year.[8] A projected 876 million people will be added to the world population during the next decade, enough to completely populate a new India and a new Ethiopia at their current sizes. This growth will be concentrated in the poorest and most

environmentally degraded countries with the least prospect of being able to accommodate it.[9]

Given that environmental systems are already stretched to the breaking point and a major portion of the global population is living in abject poverty, a further doubling of the population seems unlikely. In the absence of voluntary control, it will almost certainly be brought into check before another doubling through a combination of ecological collapse, starvation, and communal violence.[10]

Growing Communal Violence. The forces of communal violence are growing, with no evident sign of abatement. The search for moral guidance, security and identity in an age of insecurity and personal alienation has encouraged the growth of religious fundamentalism and ethnic separatism, with their related sense of self-righteousness and intolerance of social diversity. This has fueled the forces of local level religious and ethnic violence, forces that now seem to run deeper than the political competition between East and West.

Sometimes the violence is along well-defined religious or ethnic lines as in Ireland. In other instances the violence is more random and its motivations ill defined as when motorists take to shooting one another on Los Angeles freeways or in the pervasive violence of America's urban slums. The extreme manifestation of a breakdown of the state and civil order is found in the horror of Beirut, a once beautiful and prosperous city that has become a permanent battle field on which rival ethnic and religious factions press their claims through unrestrained armed violence. The potential for increasingly dire consequences in ethnically diverse countries such as India is evident and a cause for growing concern among responsible citizens there.

Economic and Environmental Refugees. Political refugees have long been a reality of human society. The number of conventional refugees created as a consequence of wars, insurrections, and despotic regimes has stood relatively constant at around 13 million throughout the 1980s.

There was, however, a sharp increase in economic and environmental refugees. The phenomena of economic refugees became particularly visible to the U.S. during the decade with the relentless influx of refugees from Mexico, Central America, and the Caribbean.

Less well documented is the global increase in environmental refugees who have been displaced because the areas where they once lived have become unfit for human habitation through desertification, soil erosion, chemical or nuclear contamination, persistent flooding, or other such conditions. The number of such refugees is estimated by the World Watch Institute to be at least 10 million.[11]

Refugees seem to have become a persistent and growing reality of contemporary society. To become a refugee is one of the most dehumanizing of experiences. Thus the number of refugees provides a highly reliable proxy indicator of the political, economic and environmental failure of our institutions.

Decade of Denial

The predominant response during much of the decade to the above realities has been one of denial. The limited solutions undertaken more often have focused on symptoms than on causes. The basic inclination was pervasive.

Alleviating Poverty by Helping the Rich. Conventional growth-centered development strategies came back into vogue with their widely discredited assumption that helping the rich to become richer would result in new wealth gradually trickling down to benefit the poor as well. They represented a thinly veiled rejection of the needs of the poor in favor of getting on with the much easier task of enriching the rich. Brazil, with its shameful environmental record and some of the worst poverty to be found in Latin America, was touted as a development miracle in recognition of the additions its more fortunate citizens had made to their incomes.

Meanwhile actual poverty alleviation efforts focused heavily on humanitarian assistance to relieve extreme suffering, as in the African relief efforts, and the expansion of social services. Targeted technical, "magic bullet," attacks on leading symptoms of poverty, such as infant and maternal mortality, were much in vogue--effectively drawing attention away from the conditions of social injustice that create and sustain that poverty and condemn the children of the poor to a life with little future.[12]

Controlling Population Growth by Reducing Mortality. Population control slipped down the agenda of development priorities as the U.S. abdicated its position of leadership in the face of opposition by a small but vocal minority of religious fundamentalists who extended their battle against abortion into an attack on all serious family planning assistance efforts and implicitly denied the importance of population growth as a social and moral issue. Child survival programs grew into prominence, with their advocates reassuring the politicians with the inventive and politically popular claim that increased

investment in improving the health of mothers during their reproductive years and reducing infant morality would provide the answer to reducing birth rates.

Hiding Contaminants. The problem of chemical and radio-active contaminants was addressed by burying them in "temporary" storage, scattering them over the landscape, or putting them on boats in search of ports where a combination of limited environmental awareness and corruption made dumping possible--for just a little while longer.

Unnatural Disasters. Natural disasters, particularly the famines in Africa, captured headlines. While some talked of the need for long term solutions, the main focus was on providing relief supplies as though the conditions involved were temporary in nature.

Few were the voices calling attention to the extent to which the disasters and their consequences were indeed "unnatural" in that they were exacerbated by the self-serving actions of governments and international agencies and were thereby basically avoidable--if people directed their attention to causes rather than to symptoms.[13]

Financial Borrowing. Defying evidence of a need for fundamental economic and political reforms, many nations went on a binge of borrowing to artificially sustain economic growth--in a final spending spree. The number one example was the United States, which managed in less than a decade to transform itself from being the world's leading creditor nation to being its leading debtor. Meanwhile, a small number of more frugal nations, such as Japan, Germany, Taiwan and South Korea established dominant positions in the world economy, as real U.S. power and influence declined.

In an effort to recycle the surplus revenues of oil producing countries, Third World nations were urged in the name of development to engage in unrestrained borrowing. Ironically in this process many oil producing countries themselves became net borrowers. Third world borrowing so far exceeded the repayment capacity of some countries that there was concern that defaults might bring down the global financial system. The exposés that accompanied the fall of corrupt dictatorial regimes in the Philippines and Haiti told the story of how much of the borrowing was actually used.

The biggest borrowers were generally the relatively wealthier countries and its benefits generally accrued to their wealthier citizens. Later, as the international financial system bordered on collapse, much of the burden of the resulting crisis was transferred to the poor, giving a bitter truth to the argument that unless borrowing capacity was restored to the profligate borrowers the poor would suffer.

Environmental Borrowing. Environmental borrowing also contributed to a temporary illusion of relief, while in fact exacerbating the problem and limiting future options. Financial debtor nations were encouraged to focus on export led growth, putting available resources to work for the benefit of foreign consumers while the indigenous subsistence producers were crowded into a declining segment of the resource base. Logging, cattle, and shrimp production were major money earners and highly favored by international financial institutions, often with disastrous results from the perspectives of ecology and equity.

Responding to high grain prices, the U.S. made a singular contribution to achievement of record levels of global grain production in the first half of the decade--by plowing highly erodible land, with consequent soil loss, and lowering ground water tables through pump irrigation.[14]

The U.S. was not alone. Countries throughout the Third World mined their land, their forests, their coastal fisheries, their energy deposits, as well as the international financial system, so that political and economic elites could support profligate consumption, accumulate funds in foreign assets and bank accounts, and finance large military establishments with little purpose other than to keep the frustrations of the poor in check--all in the name of development and national security.

Financial borrowing involves only paper transactions between people, one group mortgaging the future of its children to the children of another group. Environmental borrowing involves a Faustian bargain between humanity and nature that leaves no possibility of appealing for debt relief or rescheduling, nor of default. Both the borrower (humanity) and all of the borrower's children inevitably pay through loss of the ability of their planet to sustain them.

Decade of Hope

Fortunately, the 1980s also created important new possibilities for resolving the underlying problems that the decade highlighted.

Improving East-West Relations. Perhaps the most important new possibilities resulted from the significant progress made toward arms control agreements between the super-powers. These developments have created a realistic hope that the 1990s

might see the end of the cold war, a reduction in arms expenditures and the emergence of a new era of East-West cooperation in dealing with pressing global issues, including action on the environment and on the resolution of regional conflicts.

Commitment to Democratization. The decade has seen the emergence of a new and broadly based commitment to democratization as a significant international movement. This has been accompanied by a corresponding upsurge in people's movements and voluntary development initiatives. The ferment was particularly evident in Latin America and in the reforms introduced in the world's two major communist countries that move them in the direction of market economies and democratic governance. The Philippines and Haiti provided dramatic examples of the overthrow of personal dictatorships. Democratic pressures have risen in South Korea and Taiwan.

Environmental Awareness. The later part of the decade produced evidence of a fundamental shift in world public opinion on environmental issues, including the emergence of a new found environmental awareness within the Soviet Union.

In 1986, a U.S. administration that had set the standard for denial of environmental issues introduced a Conservation Reserve Program that by 1987 had already helped reduce soil losses by 460 million tons a year.[15] The environment became a leading issue in the U.S. presidential campaign of 1988--each of the leading candidates vying to prove himself the more aggressive environmental advocate.

The World Bank, in part due to pressures from NGOs/PVOs, began to give more than lip service to environmental issues. AID announced new environmental initiatives. Growing numbers of NGOs/PVOs throughout the world came to recognize and act on the integral link between poverty and environmental issues.

In recognition of the extent to which environmental issues had dominated the news during 1988, in its first issue of 1989, *Time* magazine named The Endangered Earth "Planet of the Year" and warned of impending environmental catastrophe.

Releasing Women. Substantial progress was made in unleashing women as a development force. Women's contributions to development became more widely recognized and considerable progress was made in many parts of the world in relieving the restrictions on women's participation in decision-making and economic activities. Much remains to be done, but the forces unleashed will never be reversed.

Recognition of the Informal Sector. A new awareness emerged that the key to unemployment and under employment is to enable the poor to create more productive employment for themselves. Stimulated in part by success of the Grameen Bank in Bangladesh and the Institute for Liberty and Democracy in Peru, recognition grew that when systemic procedural and financial constraints to self-help are removed the poor are excellent credit risks and can be highly effective in creating their own employment opportunities. The more progressive donors, governments and NGOs/PVOs began to move beyond limited "livelihood projects" to address the need for development of financially viable systems of rural credit and to reduce barriers that small producers face in gaining access to the facilities and legal protection offered by participation in the "modern" sector.[16]

New Technological Potentials. The decade saw a number of technological advances that create important new potentials. The computer advanced from being a massive and prohibitively expensive number cruncher accessible only to big government and big business to being a powerful decentralized personal communication and global networking tool. The biotechnology revolution progressed from science fiction to proven application, with potentials to fundamentally reshape industries such as agriculture and health during the coming decade.

Increased Recognition of the Development Role of Civil Society. Substantial progress was made in recognizing that development is not an exclusively governmental concern. Attention was given to expanding opportunities for the market economy to work its magic. There were also important advances in recognition by donors and governments that NGOs/PVOs have important and sometimes distinctive development roles of their own. NGOs/PVOs began to take themselves more seriously, committing themselves to strengthening their own capacities and to assuming greater development leadership.

RETHINKING INTERNATIONAL ASSISTANCE

Many of the underlying assumptions of international assistance theory and practice must be re-examined in light of what the mounting global crisis reveals about our collective reality. This re-examination must provide the foundation of future international development assistance and cooperation.

Rethinking the *Means* of Development

First and most fundamental, we must rethink the nature of development: both what it is and who does it.

Increasing Capacity for Intensive, Sustainable and Just Use of Resources. Nature is, in her own way, drawing our attention to the reality that we must learn to link human systems and technologies to environmental systems in ways that enhance the overall productivity of the combined ecological system to humanity's long term benefit.

Some years ago Kenneth Boulding drew a distinction between the cowboy economy and the spaceship economy.[17] In the cowboy economy performance improvement is measured in terms of increasing the mining of resources to produce an ever increasing output of products that are used temporarily and then discarded. The environment is considered to be both an inexhaustible source of resources and a limitless garbage pit. We have too long approached development from the perspective of the cowboy economy in which the faster we mined, processed, and discarded our resources the more prosperous we felt ourselves to be.

The limited available resource stock dictates the basic principles of the spaceship economy. The use of any resource must be intensive, sustainable and just. Performance improvement consists in the more efficient and effective use and recycling of these resources to meet the needs of the space ship's inhabitants. For any resource to be discarded, and therefore lost forever to the system, is an indicator of serious system failure. The full cooperation of all inhabitants is essential to this outcome and will be forthcoming only if the system of resource allocation is perceived to be just.

One of the most central tasks of contemporary development is to realign thinking and action from the illusion that we are cowboys living on a limitless environmental frontier to the reality that we inhabit a spaceship that except for the availability of solar energy is basically a closed ecological system. Increases in economic output can no longer be counted as contributions to development unless they are based on sustainable processes and translate into justly distributed benefits for people. Temporary gains in economic output based on environmental borrowing should count as de-development, as they in fact leave us poorer. Also in the category of de-development are actions that contribute to the impoverishment of one group to multiply the riches of another, or production that consumes resources for uses that ultimately diminish rather than increase human well-being, such as investments in military hardware.

Real development progress in the spaceship economy comes not through increasing the rate of exploitation of exhaustible resources, but rather in conservation measures that increase the returns from any given resource expenditure. It comes in extending the life of products, rather than increasing the rate at which they are discarded. It comes in miniaturization that substitutes information and technology for materials in the design of products. It comes in increasing the effective use of a country's existing resources rather than in increasing flows of foreign assistance.[18]

The challenge of the transition to spaceship economics applies equally to agricultural and industrial societies, to the "developed" and the "underdeveloped." Development and development assistance can no longer be approached as an exercise in which developed nations transfer money, wisdom, technology and institutions to underdeveloped who aspire to replicate the success of their benefactors. It must be a process of collective problem solving by people and their governments that extends across national boundaries.

Enlarging the Role of Civil Society. The state gained increasing prominence throughout the twentieth century as society's problem solver. In the industrial democracies of the North the state did a tolerable job as problem solver, largely because it was assisted and held accountable by a strong civil society. The state generally does a less competent job where it is able to dominate a weak civil society.

The limitations of the dominant state as an engine of national development have become so evident during the current decade that even Russia and China have taken dramatic initiatives to revive their civil societies and to encourage greater private initiative. Brzezinski argues that these nations are finally facing the fundamental contradiction between the regimentation and bureaucratization of the Marxist state, and the participation and individual incentives required to advance a society beyond the phase of industrialization into the more dynamic modern era defined by the new information technologies.[19]

The same limitations of the dominant state have been conclusively demonstrated in the Third World, where the efforts of the state to dominate and control all aspects of human activity in the name of development have stifled the innovation, human initiative, and local resource generation essential to development progress. The strengthening of civil

society to allow the people to mobilize and apply their social energy to the improvement of their own futures must become a central development priority.

Democracy is a *sine qua non* for a strong dynamic civil society. Voluntary associations in turn have essential roles in the development and maintenance of democratic processes. In their political role they supplement political parties as varied and flexible mechanisms through which citizens define and articulate a broad range of interests, meet local need, and make demands on government. In their educational role they provide training grounds for democracy, developing the political skills of their members, recruiting new political leaders and stimulating political participation. In their watchdog role they serve, along with the press, as checks on "...the relentless tendency of the state to centralize its power and to evade civic accountability and control."[20]

Rethinking *Priorities* for International Assistance

The growing failure of global systems defines the context of international assistance for the 1990s and points to three primary international assistance priorities. NGOs/PVOs will have increasingly central roles in addressing each of these.

Catalyzing Systems Change. The foremost development priority of the 1990s and the foremost priority for international assistance and cooperation must be to transform the failing systems by which human societies manage their relationships with the natural ecology. These systems must be brought into line with the reality of earth as a finite planet with finite natural recycling capabilities. These systems must accommodate needs for additional growth, but they must generate that growth in ways that are sustainable and achieve a just distribution of its benefits. Any other kind of growth will only accelerate the ultimate collapse of the system.

The magnitude of the task is immense. It requires nothing less than a global change in human consciousness and a realignment in the relations between people and nations from a dominant mode of competition to a dominant mode of cooperation.[21] It requires the coordination of policies among nations, such as the recent international agreements to regulate the use of chloroflurocarbons to reduce ozone loss, and the translation of those policies into changes in individual behavior. It would have to be considered an idealistic pipe dream if not for the fact that no other option will insure the survival of human society.

There will be a substantial need for leadership and support from government in addressing the need for system change. But a lead role in catalyzing these changes--through defining issues, creating a new global consciousness, facilitating people to people exchange, advocating policy change, and undertaking experimental initiatives--must come from the people--from independent voluntary initiative and leadership by people in the government, business and voluntary sectors who care about the future of their children and their society. In many countries this leadership can be forthcoming only to the extent that the current forces for democratization are further strengthened. This too requires action on a global scale by both people and governments.

Implementing By-pass Programs. The second priority involves international initiatives to create and fund programs that take emergency action in three areas of over-riding international interest: population (family planning education and services), environment (particularly social forestry), and poverty (particularly credit/livelihood). Each day of delayed or ineffective action on these three priorities deepens the global crisis and increases the difficulty of its resolution.

Where governments have proven unable to take effective action on these priorities the pressure building for direct action by international donors--even by-passing national governments where necessary--to achieve the implementation of new programs that encourage and support necessary local action on these three priorities by individuals and communities. This is a task in which neither governments nor conventional commercial contractors have particular expertise.

Consequently donors are turning to NGOs/PVOs as organizations that are reputed to have the relevant expertise. They want these NGOs/PVOs to deliver the needed family planning services; to organize and support communities in the implementation of agro-forestry schemes that stabilize soil and water while providing them with needed income; to operate rotating credit schemes, etc. These are all activities in which selected NGOs have demonstrated varying degrees of success. But the donors want and need action on a scale that few NGOs/PVOs have ever attempted, and they want a single minded focus on quantitative results with which few NGOs/PVOs feel comfortable. Meeting the need will present important challenges to both donors and NGOs/-PVOs, and will pose important dangers to a special category of NGO/PVO, specifically the voluntary organization, as will be elaborated later.

What are defined here as by-pass programs, do not conform to our earlier definition of development. They do not involve self-sustaining institutional changes. They are externally created and

financed and might well collapse without continued external management and financing. In most instances, rather than transforming existing institutions, the types of programs being introduced as emergency measures simply by-pass them. Neither can they accurately be classified as attacking underlying problem causes. In the strict sense by-pass programs are not development interventions. They should be recognized and undertaken for just what they are--emergency actions intended to prevent further deterioration--so that continued population growth, loss of environmental resources, and pauperization do not make the situation irretrievable--while more permanent solutions are institutionalized through catalytic action.

Assisting the Victims of System Failure. The third priority involves the provision of humanitarian assistance to the victims of system failure. Given global trends we must expect that demands for such humanitarian assistance will grow significantly during the 1990s, while the resources required to respond will become increasingly scarce. The need for international assistance in dealing with these victims will be most pronounced in those countries with governments least able to address it. Attention to priority setting and the achievement of a just and efficient distribution of available relief resources will become ever more critical.

It is probable that overall *per capita* food production will continue to decline throughout the coming decade, with the effects being most extreme in those countries burdened with the highest population growth rates. As food production surpluses are eliminated, paying customers will almost certainly receive priority in the allocation of available supplies. The U.S., with its massive foreign debt, will be particularly hard pressed to give preference to humanitarian programs. This will be a harsh reality for PVOs that have built major portions of their programming around distribution of surplus U.S. commodities--and for the people they assist.

While doing what can be done to assist the victims of system failure, we must be clear that such humanitarian assistance does nothing to remove the causes of that failure, or even to buy time against further failure. To the extent that humanitarian assistance is given precedence over corrective action, our capacity to render such assistance will inevitably be overwhelmed.

Rethinking the *Rationale* for International Assistance

It is also time to rethink the rationale of international assistance.

The Old Self-Interest. Though there have long been proponents of U.S. foreign assistance for purely humanitarian reasons, from the inception of the U.S. foreign assistance to the Third World in the late 1940s the predominant rationale has been self-interest. For nearly three decades the self-interest argument centered on building a bulwark against the spread of Communism.[22]

In the 1980s an effort was made to bolster the political bulwark argument with the addition of a commercial rationale. The idea was promoted that foreign assistance was good for business. The assisted economies would provide important new markets for U.S. goods and the key to reversing U.S. balance of payments deficits. This argument has had a hollow ring, even on self-interest grounds, in the face of the strong negative trade balances that the U.S. maintains with the very countries that are commonly held up as examples of effective development progress.

With the current decline in East-West tensions and competition as a dominant global reality, a more compelling rationale is needed.

The New Self-Interest. Such a rationale has now been thrust upon us by the new global reality, specifically the failure of existing global systems to address a series of interlinked and self-reinforcing global crises--poverty, environmental deterioration, decline in food security, increasing population, communal conflict, and refugees.

The magnitude of these crises is now reaching proportions that threaten the well-being and security of everyone--East or West, North or South, rich or poor, urban or rural. The current threat to our collective self-interest, in the absence of effective action, is both certain and all encompassing.

A common enemy has always been the most powerful of unifying forces within any human community. Now we have a common enemy on a global scale, but in this instance the enemy is not external. The enemy is us and resolution of the conflict depends on changing ourselves.

Misguided Humanitarian Appeals. Given this context, appeals for increased funding for foreign assistance on humanitarian grounds may in fact be misguided and counterproductive. They create an inaccurate perception of the reality and of the steps necessary to address it. They focus attention and action on symptoms rather than causes. They create a sense that financial generosity will solve the problem, and absolve the individual of further responsibility. They reaffirm the sense of security and superiority of the giver.

The problem is not lack of money, it is a lack of appropriate ways of thinking and acting--on the part of the giver as well as the receiver. The future of both is now at risk and both must change their ways of thinking and acting in the interests of their mutual survival and prosperity.

Any act of international assistance that does not contribute to the development of a new perspective on the nature of self- and collective-interests is likely to be contributing more to the problem than to its solution.

Rethinking the *Nature* of International Assistance

It may be an iron law of development assistance that the more money the assisting organization has to spend the more the energy of the organization will be consumed by the imperative to insure that the funds are spent and the less will be the attention directed to insuring that it is spent in ways that result in increasing local capacities for sustainable self-reliant development.[23]

International assistance has commonly been defined quite broadly to include three types of assistance: military, humanitarian, and development. These three types of assistance are quite different in terms of their relation to global systems failure.

On balance, *international military assistance contributes to global system failure* by encouraging a distortion of the priorities of many of the world's poorest countries, limiting the pressures on authoritarian leaders to be responsive to the needs of their people, making demands on natural resources for purposes that in the aggregate[24] make a negative contribution to human well-being, and adding to regional tensions and the intensity and, thereby, the suffering inflicted by regional conflicts.

Humanitarian assistance addresses the symptoms of system failure by attempting to relieve the worst suffering of its victims--meeting a particular need at a particular moment in time. Sometimes the need, as in the face of a natural disaster, is truly temporary. In other cases it may be chronic or permanent. But in neither case does the welfare intervention insure a continued ability to meet that need.

Development assistance seeks to build new system capacities. In the current setting development assistance should be aimed predominantly at attacking the causes of system failure, realigning systems to reduce malfunction and developing new system capacities for constructive resource mobilization and use. Development assistance is successful only when it leaves behind enhanced capacities to generate sustainable flows of justly distributed benefits to people.[25]

While each of these three types of development assistance is of a different nature, they share the fact that simply increasing the level of expenditure in any of the three categories can lead to important anti-developmental consequences.

Most obvious is military assistance with its high potential for contributing to system failure. Successful actions allowing a reduction in military assistance would likely make a greater contribution to sustainable human well-being than would comparable increases in expenditures for development assistance. This should be a priority issue for NGO/PVO global education efforts.

The situation with regard to humanitarian and development assistance is more complex. Both are aimed at improvements in human well-being, even though one addresses symptoms while the other presumably addresses causes. Increasing expenditures for humanitarian assistance tends to draw attention away from causes and has a tendency to create a dependent reaction on the part of the recipient, ultimately reducing self-reliance. Less understood is the extent to which development assistance may have a similar consequence--in fact reducing rather than increasing capacity for sustained self-reliant development.

- At the recent OECD meeting on NGOs one participant told of a study comparing a region of a recipient country that had received foreign project assistance with one that had not. The one that had received a large injection of assistance prospered temporarily, but began to stagnate once the assistance terminated. Its over staffed bureaucracies were sitting idly waiting for new assistance to flow in. The unassisted region, which had undertaken its own development through mobilization of its own resources was thriving.

- Studies in one Asian country compared local irrigation systems in contiguous communities, one assisted by government under a foreign aid project and the other financed, constructed and managed by the community with its own resources. Consistently the facilities in the unassisted systems were more often functional, operating costs were lower, maintenance was better, and performance reliability was higher.

- An NGO tells of a livestock project it was promoting based on a village self-help breeding program. Another NGO entered the area and undermined the effort by handing out animals to

anyone who wanted them. The animals were soon sold off, but only after completely disrupting the self-help program.

- A U.S. PVO that had been constructing nearly fully financed village water systems found that when it introduced the requirement that assisted systems be largely self-financed by the village the interest of the villagers increased and subsequent maintenance improved.

An objective assessment would likely establish that up to a point all three types of international assistance have the potential to produce human benefits. But beyond that elusive point the consequences of increased assistance are quite likely to be negative, irrespective of whether it is military, humanitarian, or development assistance. More is better only up to that point. Thereafter, the greater the amount of money transferred the less the development, at least as measured by increased capacity of people to mobilize and manage their own resources.

Rethinking International Assistance

Relationships

Conventional development assistance is based on two myths long treated as holy writ.

First is *the productive investment myth* that development is a function of capital investment and the transfer of capital from wealthy countries to poor countries through concessional aid programs is the key to the progress of the latter. This myth includes the implicit belief that development is primarily a financial and technical process and forms the basis for the claim that the best indicator of a Northern nation's concern for the poor of the world is found in the percentage of its GNP it transfers as development assistance. Many Northern NGOs/-PVOs have also bought into this myth, assuming that the larger the amount of the funds they collect and transfer the more good they are doing.[26]

Second *the benevolent state myth* that unlike all other institutions of the society that represent special interest groups, governments represent the objective best interests of their people. Therefore government is considered qualified to serve as impartial arbiter in the allocation of development resources. Furthermore, it is implicitly assumed that governments were better able to make objectively optimal allocation of development resources if they are freed from the pressures created by democratic processes to respond to special interest groups.[27] Democracy is commonly considered by development experts to be a luxury that must wait until sufficient development had been achieved so that the society can afford it.

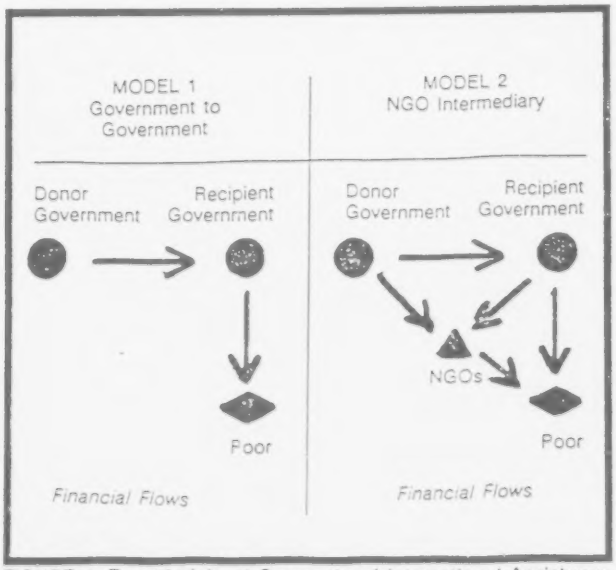

FIGURE 1: Two Models of Conventional International Assistance

Prevailing Development Assistance Models. Both myths confirm the pre-eminent role of the state in development, to the exclusion of a role for people. Thus development assistance has been approached largely as a matter between governments. The role of people has been largely as the beneficiaries of state action. This is true for both of the prevailing models of international humanitarian and development assistance.

- *Government to Government Model.* The predominant approach to international assistance has in the past been built entirely on intergovernmental relationships, either bi-lateral or multi-lateral, as illustrated in Model 1 of Figure 1. The donor government transfers resources to the recipient government to expend for donor defined projects. Agencies of the recipient government agencies, in theory, then convert these resources into investments and/or goods and services that are expected ultimately to benefit the poor.

- *Government to Government plus NGO/PVO Intermediary Model.* The persistent failure of assistance to reach the poor through governmental structures has led to increased donor interest in channelling some of their assistance through NGOs/PVOs, either directly or through a recipient government.[28] [See Model 2 of Figure 1.] In this model the NGO/PVO is a conduit between the donor and the poor. Hence certain types of NGOs/PVOs are commonly referred to as intermediaries, i.e., intermediary between the funder and the beneficiary.

Model 2 retains a heavily top-down welfare oriented perspective that assumes assistance consists primarily of one way flows of money and technical assistance, primarily to address donor defined needs. It contributes little or nothing to a redefinition of the development problem. It gives no more attention than does Model 1 to the institutional setting, particularly the need to broaden political participation. Neither model recognizes the role of people as the instrument, as well as the beneficiaries of development.

There is a clear need to move beyond either of the *international assistance* models to a model *international cooperation* based on a different set of assumptions.

Mutual Empowerment Model. A new concept is developing within the international community of a model of international cooperation based on mutual empowerment in which people work together and through their governments within and across national borders to empower themselves and their institutions to make better use of available resources to meet their self-defined needs within a finite world.[29] This model is particularly relevant to that element of international assistance aimed at catalyzing system change, i.e., at authentic sustainable development.

This model has a number of distinctive elements.

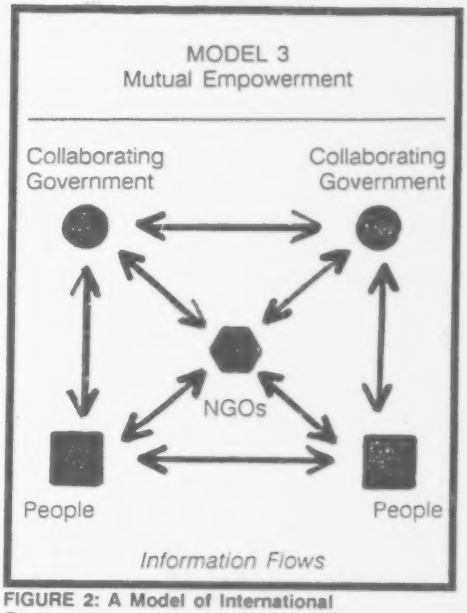

FIGURE 2: A Model of International Cooperation

- The primary resource around which assistance relationships are developed is information, not money, and the flow is two-way. The focus is on people helping one another make better use of their existing resources to create the foundation on which the use of supplemental assistance resources can build.

- Most development issues are addressed as shared or joint problems, recognizing that most contemporary development problems know no North or South, East or West. See Box 1.

- Mutual assistance relationships are established at both government to government and people to people levels--within and among countries, between people's organizations, NGOs/PVOs, and local governments on a South/South, North/-North, South/North and North/South basis.[30]

- Substantial attention is given to what are commonly labeled micro-macro linkages that provide feedback from the people to governments and international donors on consequences of government and donor programs and policies, and from

government and donors to people on the collective consequences of local level action.[31]

- Serious priority is placed on *global* development education that: 1) analyzes development issues within the context of global interdependence; *and* 2) seeks to develop new perspective, values, and behaviors consistent with new global realities in all elements of global society, North and South, rich and poor.

- NGOs/PVOs are expected to play important roles as catalysts, mobilizers, feedback facilitators, analysts, and advocates.

The mutual empowerment model approaches international assistance not as a government project so much as a people's movement. Government has an important role, but as an instrument of the sovereign people to serve them in those functions that fit government's competence.

Rethinking National *Sovereignty*

Prevailing development assistance practice generally accepts governments as the unquestioned arbiters of how foreign assistance should be spent within their borders. This practice is based on two theories. First, that what a nation decides to do within its own borders is its own business. Second, that it is the right of members of the regime that controls state power to determine what serves the sovereign interests of "its" country on the theory either that sovereignty resides in the state or that the regime indeed represents the people.

The concept of development cooperation as mutual empowerment is based on two quite contrary premises. First, that a great deal of what goes on within the boarders of most states is of considerable rightful concern to other states and their citizens. Second, that sovereignty resides in the people and that a government and its policies are legitimate only so long as they represent the will of the people.

These two conflicting sets of premises are based on two alternative perspectives on interdependence and the locus of sovereignty.

Interdependence. Conventional concepts of national sovereignty were established during an era in which nation states were substantially self-contained fortresses. What a nation state decided to do within its own borders was considered its own business so long as it did not intrude on the affairs of a neighboring state. We now live in a different world. AIDs, drugs, acid rain, ozone depletion, the greenhouse effect, financial flows, computer communications and refugees--exhibit little regard for national boundaries and have largely passed beyond the control of individual governments. Trade and monetary policies affect the global economy and the viability of the international financial system. Political suppression and economic inequality create political and economic refugees that demand relocation. Any state that neglects attention to balancing its population with its environmental resources will generate new claims for international welfare assis-

BOX 1: Problems Without Borders

A growing number of development problems do not recognize either North-South, or East-West distinctions. The needs that North and South, East and West increasingly share in common include:

- Preserving and strengthening the small farm.
- Dealing with the chronically unemployed.
- Insuring the preservation of human rights.
- Making credit available for micro-economic activities.
- Providing housing for the homeless.
- Conserving and allocating scarce water resources.
- Restoring depleted soils.
- Reducing air pollution.
- Dealing with bi-lingual education needs.
- Reducing hunger, illiteracy and infant mortality among difficult to reach populations.
- Dealing with teenage pregnancy.
- Managing population growth and distribution.
- Increasing citizen awareness of global development issues.
- Improving preparedness for natural disasters.
- Facilitating reconciliation to reduce regional tensions based on racial, religious, and ethnic differences.
- Eliminating acid rain.
- Treating AIDs victims and controlling spread of the disease.
- Resettling refugees.

This is only an illustrative sample of the needs shared by countries throughout the world in all regions and at all levels of development.

tance and flows of economic and environmental refugees.

The decision of one or a few nations not to regulate aerosol sprays increases risk of skin cancer in all countries. Industrial pollution in the United States destroys forests in Canada. Actions by a Middle Eastern state may provoke or support acts of terrorist violence that infringe the security of people, irrespective of nationality, who happen to be in a particular airport, or on a particular plane or vessel. The denuding of forest lands in Nepal and the management of river flows in India results in the periodic inundation of Bangladesh with massive losses of life and property.

Interdependence does not justify one state or people imposing its will on another. But it does create a situation in which states and people have legitimate interests in the affairs of one another that go well beyond what would be sanctioned under more traditional concepts of national sovereignty. It is particular relevant to addressing the need to catalyze system transformation.

The Sovereign People. The principle that sovereignty resides in the people provides an essential foundation for effective people to people international cooperation. This principle establishes the basic human right of the people of any country to organize, to access information, to undertake development activities of their own choosing on their own initiative, to express views on policies, to participate in any international exchange and to receive financial and other assistance from foreign and domestic contributors. And it establishes the right of one people to assist another in seeking the realization of their democratic aspirations.[32]

In line with this principle, Diamond has noted the important role of NGOs/PVOs, particularly in aiding the development of democratic organizations and movements in authoritarian or newly democratizing countries:

> Aid that comes from non-governmental organizations is less likely to be politically tainted or suspect, and more likely to create enduring bonds of democratic cooperation across countries along functional lines: between journalists, intellectuals, bar associations, human rights organizations, women's organizations, student and youth groups, independent trade unions, business associations, and political parties of broadly similar orientation.[33]

To fully understand the distinctive role of NGOs/-PVOs in the international cooperation process it is necessary to be clear what types of NGOs/PVOs we are talking about. We must also be clear on the complementary nature and roles of organizations in the government, business and voluntary sectors.

THE COMPLEMENTARITY OF GOVERNMENT, BUSINESS, AND VOLUNTARY SECTORS[34]

Governments, businesses, and voluntary agencies each have distinctive competencies that give them natural complementary roles in society, and more specifically in development. To understand their complementarity it is first necessary to understand their differences.

Differences

There are three basic ways that organizations acquire the resources they need to function: coercion, exchange, and shared values. While many organizations use a combination of all three, the predominant mode of resource acquisition has an important bearing on the distinctive nature and competence of the organization. This provides a basis for defining the three primary institutional sectors of human society:

- **Government** has a recognized right to command resources through taxation and even expropriation--backing demands with coercion where necessary.[35] Because of its distinctive capacity to apply legitimate coercion government has a natural advantage among the three sectors in maintaining public order and security. It is able to capture and reallocate existing wealth for such purposes as national defense, social welfare, and infrastructure in ways that are beyond the capacity of either of the other sectors. In making such allocations it tends to be most responsive to the perceived needs of those who posses political power, though most governments find that to maintain their legitimacy they must at least give an appearance of concern for the needs of the poor. Because of government's ability to command resources, government organizations are more able than businesses to insulate themselves from market forces and thus tend to be less efficient than the business sector in the production of goods and services. Because they must respond to a variety of established and often conflicting political interests, government organizations tend to be less innovative than

organizations of either the business or voluntary sectors.

- **Business** organizations specialize in exchange: producing goods and services for sale in the market. The more successful business organizations are generally highly responsive to market forces that represent the expression of consumer interests and provide incentives for productive efficiency. Their distinctive role in society is to create new wealth through value added activities. Because of their orientation to market forces, they are most responsive to the needs of those with the money to exercise market power--including governments that may offer to buy goods and services under contract. The business sector is also the society's primary source of essential economic entrepreneurship.

- **Voluntary** organizations (VOs) depend primarily on appeals to shared values as the basis for mobilizing human and financial resources. People contribute their time, money, and other resources to a VO because they believe in what it is doing. In so doing they share in a commitment to the organization's vision of a better world. This value commitment is the distinctive strength of the VO, making it relatively immune to the political agendas of government or to the economic forces of the market place. A healthy VO sector is characterized by a substantial number and variety of independent VOs, representing a bewildering array of distinctive and often conflicting commitments. Their small size, independence, and focused value commitment gives VOs a capacity for social and institutional innovation seldom found in either government or business. They serve as forums for the definition, testing, and propagation of ideas and values in ways that are difficult or impossible for the other two sectors. The commitment to values, over either political or economic self-advancement, gives them a natural orientation to the perceived needs of politically and economically disenfranchised elements of the population that are not met through the normal political processes of government or the economic processes of the market.

Complementarity

The competencies of all three institutional sectors are needed for a dynamic self-sustaining development process. Yet over the past three decades the guiding assumption has been that development belongs to government and government alone.

The failure of development action based on this limited assumption should not be surprising. Government has a predominant capability to command the collective reallocation of existing financial and physical resources. It also has the predominant capability to set and enforce rules that set limits on the behavior of its citizens. These are important, but partial capabilities in addressing a society's development needs.

Development also needs capacity in wealth creation and entrepreneurship and substantial inputs of creativity, innovation, self-direction, and voluntary action. While these are inputs that governments can sometimes stimulate successfully, they do not represent its comparative advantage.

Compared to the application of market forces, coercion is a limited means for creating new wealth. Similarly the mobilization of voluntary energy in the service of the social and institutional innovation that is central to development can only be enabled. It cannot be commanded or coerced.

The voluntary sector has a distinctive development role as the market place of ideas and of values innovation. Governments depend for their function on a broadly based political consensus fashioned through negotiation and compromise among numerous power holders and interest groups. The constituencies of individual voluntary organizations are much smaller, being by nature built around a more coherent values consensus. Thus VOs are able to define positions more clearly, to press for innovative solutions, and to experiment in ways that governments find difficult. This ability gives VOs a distinctive role as catalysts of system change in defining, articulating, and advocating positions that are not in the established political mainstream and therefore not supported by existing public policy. This contrasts with the necessary and legitimate role of public agencies in supporting and promoting public policies that have obtained broad endorsement through the political process.

The voluntary sector has its special characteristics and it is important for both VOs and their donors to understand those characteristics and what they mean for nature and mode of operation of the VO. The strength of the sector is not found in the size or even the financial resources of its individual members so much as in the sector's diversity and the independence of its individual members. Scale and leverage are achieved by VOs through joining in ever shifting coalitions--constantly defining, elaborating and redefining social issues, expanding political constituencies supporting their agendas of choice, promoting experimentation, and advocating political action. The cacophony of often competing voices within a mature voluntary sector can be

deafening. But in this type of process it is numbers and diversity that give the voluntary sector its distinctive capacity to catalyze social innovation.

Like the yin and yang of Eastern philosophy, the government sector and the voluntary sector represent two mutually dependent yet opposing forces within society. One is society's instrument for sustaining stability. The other its instrument for insuring a constant process of self-assessment, experimentation and change. The society that lacks either is deeply troubled.

The major international assistance agencies have rightfully demanded that assisted countries stop using the power of the state to constrain the essential development function of the business sector. It is equally important to demand an end to the use of state power to constrain the development and effective functioning of the voluntary sector in the sector's distinctive role of social and political catalyst.

Hybrids: The Public Service Contractor

Not all NGOs/PVOs are VOs. The term NGO/-PVO defines a sort of residual category of organizations that often have little in common other than that they are non-governmental and non-profit.

For some NGOs/PVOs financial growth is the primary basis on which they measure their importance and accomplishment. They may be as market oriented as any business in their approach to determining what products and messages will sell to both public and private donors.[36] These NGOs/PVOs are best described as non-profit public service contractors (PSCs), organizations engaged in serving as contractors to governments or private donors in the delivery of services, much as firms in the U.S. that contract with government to provide a range of municipal services from garbage collection to health delivery.[37]

The more competitive PSCs feature substantial technical competence, well developed management systems, and concern with cost efficiency. Where resources are available they may operate on considerable scale.[38] In short they operate much as many donors would like to see more NGOs/PVOs operate. However, PSCs are driven by market (donor) demand more than by a defined social mission and are most appropriately classified as non-profit businesses.[39]

In an era in which many NGOs/PVOs rely heavily on government support, the line between the VO and the PSC often becomes substantially blurred. Indeed many PSCs are a sort of hybrid, combining a market orientation with a social commitment--as is true of many more socially progressive businesses. The result may in many respects look much like a VO in its structure and its formal statement of purpose. It may even have the same type of legal registration. Both may have mission statements that emphasize the social agenda to which they are committed, as do many of the most reputable and successful for-profit businesses. Both may operate on the basis of high ethical standards, as do many for-profit firms.[40]

But the balance of attention to mission versus market will differ, with the PSC more likely to be guided by funding considerations and less likely to engage in advocacy on controversial issues, particularly when this might upset current or prospective donors or risk favorable relations with host governments.

Consider the questions that may face an international NGO/PVO:

- **Agency A** raises substantial amounts of money for child sponsorship. It comes to realize that the success of its fund raising approach is based on appeals that create an inaccurate impression among its contributors of the nature and causes of poverty. It also has reason to believe that the program itself undermines the authority of the parent in the home, creates jealousies in the community, contributes to a welfare rather than a self-help mentality, does not touch on the underlying causes of poverty and is costly in terms of the staff effort required to administer it. How does it deal with these contradictions?

- **Agency B** has been involved in a range of community development activities, with an emphasis on community self-help and self-reliance. A donor announces that it has major new funding available for three year project proposals for delivery of immunization, ORT, and growth monitoring services intended to reduce infant mortality. Agency B has reason to believe that it could be successful in winning a grant that would increase its existing funding base by 50 to 100 percent during the three year project period. In making its decision how much weight does it place on the fact that taking on the activity would be contrary to its existing practice of not engaging in direct service delivery?

These are complex choices that offer no easy answers. An organization cannot necessarily be faulted for making either choice, but the more its choice is conditioned by donor priorities and the availability of funds, in contrast to its own social mission the more appropriate it is to classify it as a PSC.

BOX 2: Why VOs Tend to Become PSCs

There are constant pressures on voluntary organizations (VOs) to become public service contractors (PSCs).

- The fatigue of constantly existing at the margin of financial survival.
- The strain facing the social activist of constantly fighting established interests, values, and practices.
- The difficulty of maintaining the value consensus and commitment of the VO as the organization grows.
- A sense of moral obligation to provide job security for paid staff.
- The belief that contracting will bring in greater funding making it possible to do more of those things the organization feels are truly important.
- The pressure from donors and others to "professionalize" the staff by adding specialists who may not internalize the values of the organization.

The VO that is clear on its distinctive nature and mission can more effectively resist the pressures to become a PSC than can a VO that is not. It is also more likely to give serious attention to managing the values consensus that is the heart and soul of the organization.

It is also important for donors to be aware of the distinction. Donors are commonly most comfortable working with the PSC and are inclined, often without being aware of what they are doing or its implications, to support a conversion from VO to PSC, drawing existing competence away from roles that are both distinctive and highly important to the development process.

As argued earlier, a substantial growth in demand may be expected during the 1990s for legitimate, qualified public services contractors to manage large scale implementation of social projects that government has proven incapable of handling and that require a higher degree of institutional skills and commitment than conventional development contractors provide. NGOs/PVOs that have the capacity to perform in such roles should seriously examine the implications of the new needs and opportunities that are emerging in this area.

The purpose here is not to establish the superiority of either the VO or the PSC. Each brings the distinctive strengths of its sector and has advantages in performing in its own distinctive social functions. The ability of the business organization to serve the market as defined by the economic forces of the market place is as important to the society as is the ability of the VO to resist market forces in the service of an independent mission. Where a donor wants a specific job done, the PSC is more likely than the VO to respond reliably to the donor's definition of needed problem solutions and is likely to find it easier to rapidly expand or contract staff as its commitments require.

Growth is more difficult for a VO than for a business organization, in part because of the difficulty faced in managing the values consensus that defines the distinctive nature of the VO. That difficulty increases geometrically as the organization grows. Consequently VOs may be inherently ill suited to large scale program operations. Rapid expansion or contraction of staff can also place inordinately severe strains on VOs.

VOs and PSCs both are likely to have increasingly important roles in the 1990s. But it is important for both donors and NGOs/PVOs to understand the differences and their implications.

U.S. PVOS IN THE 1990S

The decision of Interaction, the consortium body of U.S. PVOs, to make "Strategic Issues for the 90s: Challenges to PVOs in an Interdependent World" the theme for its 1989 Forum reflects a recognition among a growing number of U.S. PVOs of the need to rethink and reformulate their roles within the global community.

Criticism from the South

This recognition has been stimulated, in part, by harsh criticisms from Southern NGOs that have accused PVOs [The reader is reminded the term PVO is used in this paper exclusively to refer to U.S. NGOs] of being seriously out of step with changing times, even in comparison to NGOs from other Northern countries.

The arguments are now familiar to most PVOs. Their field operations are characterized as anachronisms from another era, still focused more on relief

than development, negligent in the development of indigenous capabilities to replace themselves, and unmindful of the growth of indigenous NGOs that have surpassed them in relevance and in some instances in size and technical and managerial skills.

In less polite company PVOs are accused of representing establishment interests more than the interests of the poor, of lacking any development theory, and of closing their eyes to the political dimensions of poverty. Their interest in sustainability is seen as being largely confined to sustaining their own jobs and a dependence on their presence. They are perceived often to act as though the problem of poverty were entirely within the capacity of the poor themselves to solve if given sufficient food, school uniforms, education and health care--ignoring the extent to which their progress is hampered by inequitable economic and political structures at local, national and international levels that make real progress a false hope.

PVOs are being told that their continuing legitimate involvement in Third World development depends on reorienting themselves to a focus on developing indigenous VOs, helping to strengthen the indigenous VO sector, and assuming new functions as global partners in policy dialogue and development education.

Some of the accusations are inaccurate and unfair, and none of them apply to all PVOs. There are, however, few who deny the merit of the admonition that PVOs need to re-examine their roles in the Third World. Times have changed more rapidly than have most PVOs. Those that chose to confront the challenges ahead are likely to emerge from the 1990s as fundamentally different organizations than they are today. Those that do not confront the challenge may not emerge at all.

Clarifying Roles and Strategies

While there will be important roles for a wide variety of PVOs in the 1990s, there will be increasing demands for individual PVOs to define their roles with greater clarity than is commonly the case and to develop the specialized capabilities appropriate to the chosen role or roles. Two questions are fundamental to the PVO's definition of itself.

- Are we primarily a humanitarian assistance agency engaged in or supporting the delivery of a range of humanitarian services? Or are we a development catalyst? If both, how do we differentiate between the two to insure that we do both well?
- Are we predominantly a voluntary organization driven by our distinctive social mission? Or are we a public services contractor offering reliable, high quality contract services to public and private donors? If both, how do we differentiate between the two roles to insure we play them both well?

The first inclination of most PVOs is to insist that they are VOs engaged in development. The truth often lies somewhat more toward a humanitarian assistance PSC.[41] The first step toward a realistic self-assessment is to accept that there is an important place for both VOs and PSCs in both humanitarian assistance and development.[42]

Many PVOs began as charitable relief agencies and later redefined themselves as development agencies. Often the line between welfare and development is not clearly defined. The difference is given so little attention that no distinction is made in the budgetary statistics on PVO funding compiled by AID, Interaction, or the OECD between funds allocated for emergency relief or other welfare activities and those allocated for development. Few PVOs are themselves able to provide this breakdown.

There are constant pressures on the PVO to focus on humanitarian assistance rather than development. It produces more immediate and visible (though less sustainable) results and is therefore easier to justify to donors, whether public or private. Serious development assistance to the poor demands attention to political and economic empowerment. The essential actions may create political resistance and prove offensive to some donors.

It is difficult for a PVO with a tradition of pursuing charitable causes or engaging in development as a purely technical matter to come to terms with this reality. This is especially true for groups that work internationally. Political activism carries inherent risks, especially in countries with dictatorial regimes and raises ethical questions when working in a country other than one's own. Yet in our contemporary world no organization can simply chose to ignore the political dimension of poverty and still consider itself a serious development agency.[43]

If a VO presumes to be a development agency, it must constantly test itself on a number of critical questions. If its concern is with poverty, does it have a development theory that explicates its premises regarding the underlying causes of poverty? Do its programs indeed address these causes? How likely is the flow of benefits it has brought to the community to be sustained after its own departure? It must ask such questions with ruthless honesty.

BOX 3: PVO Self-Assessment Questions

Foreign assistance needs are widely varied. So too are the orientations and competencies that PVOs bring to bear. To be effective in what it does each PVO must develop an effective match between the need addressed and it own role and competence. In doing so it may be helpful to ask the following questions.

- Are we a welfare organization or a development organization?
- If we are a charity is our primary role in dealing with emergency relief or with chronic needs?
- If we are a development agency what is our distinctive commitment and competence? Do we work from an adequate theory that leads us to address the underlying causes of the problems we are committed to addressing? Are we focusing our resources on those causes?
- Do we have a natural grass roots constituency? Do we actively engage this constituency as a voluntary people to people development force? Or do we seek only financial contributions?
- Is our contribution to an improved world really a function of the amount of money we raise and spend? Or might there be opportunities to substantially increase out effective contribution by a program that focuses more on quality of results and less on quantity of resources expended.
- Are we primarily a public service contractor living by our ability to effectively serve the market? Or are we a voluntary organization living by our ability to attract support for a defined social agenda?
- Do we honor both professionalism and voluntarism? How is this demonstrated? Is our concept of professionalism consistent with our role and social mission?

The need is particularly great for a larger number of PVOs to accept the challenge of defining themselves as VOs committed to serving as catalysts of global systems change. To be effective in this role they will almost surely need to develop a number of new and more specialized capabilities, including a capability to analyze and define their positions on relevant policy issues. They may need to reorient their programming approach to give more attention to development education and to engaging domestic constituencies in people to people development cooperation. They also may need to restore the quality of voluntarism within their own organizations, form alliances with other people' movements, and build new partnerships with indigenous NGOs.

Policy Analysis and Definition

Few PVOs have concerned themselves with issues of development policy, beyond lobbying to protect or increase foreign assistance levels, generally assuming that these are matters for the large donors such as AID and the World Bank. Those few groups, such as the Development Gap, the Overseas Development Council, Results, Bread for the World, The International Institute for Environment and Development and the World Watch Institute that specialize in such matters are the exception and are generally considered to be outside the mainstream of international assistance PVOs.

In general, there seems to be a rather sharp division between the PVOs that have international operations, and those PVOs that engage in policy advocacy. There are, of course, exceptions such as Oxfam and AFSC. But the more general pattern is unfortunate as those PVOs that have extensive international field operations have access to a rich store of data that is less accessible to organizations that have less direct international contact. At the same time, a strong policy orientation might substantially enhance the development contributions of the more operationally oriented PVOs.

There is also a growing awareness of the important potential for NGOs/PVOs to provide field level feedback to donors and governments on the impact of their policies and programs as a basis for needed adjustments. Those NGOs/PVOs that combine field linkages with a strong policy orientation are likely to be the most effective players in responding to this interest.

It would not be realistic, appropriate, or cost effective to expect each PVO interested in advocacy issues to develop a formal policy analysis capability of its own. In many instances development of linkages with an organization such as the Overseas Development Council that does specialize in such

analysis may be helpful, as well as participation in networks of PVOs that share information and analysis on the particular policy interest. At minimum the operational PVO that is also interested in advocacy should have some means for capturing and processing relevant data inputs from its own experience as a means of refining its understanding of and position on the issues that concern it.

An ability to define and communicate on critical policy issues is essential for any PVO that is interested in developing an effective role in global education. This is necessary irrespective of whether the organization chooses to define and advocate its own positions, as does Results, or simply seeks to educate people regarding options, as is commonly the case with the Hunger Project.

Global Education and Domestic Constituencies

When a substantial number of the citizens of a nation cannot even locate their own country on a world map, that nation is poorly prepared to address global issues, let alone to provide global leadership. Recent studies of the paucity of basic knowledge of geography and international affairs among U.S. high school graduates have highlighted the seriousness of the global education challenge in the U.S.

While U.S. PVOs have acknowledged the importance of development education, only a few have demonstrated real commitment to it.[44] Many continue to limit their communication efforts to fund raising appeals directed to the lowest common denominator of the U.S. public's understanding of global issues, i.e., there are starving children out there who depend on us to send them food. These appeals are demonstrably effective from a fund raising perspective. This creates an understandable reluctance to accept the reality that the constant reinforcement of this message represents a negative contribution to the understanding of international issues that might lead toward actions insuring a better future for the young faces that stare out from the fund raising appeals.[45]

The loss of revenues that experience demonstrates would almost certainly accompany a reorientation of the message would definitely be harmful to market share. But would the cause of global survival and the empowerment of the poor really suffer as a consequence? For the organization that is true to its commitment to the poor this question must be faced.

PVOs often speak with pride of their grassroots constituencies as the mark of their privateness and their volunteerism. In the case of a few PVOs like Bread for the World, AFSC, Oxfam America, and Results with true grassroots volunteers engaged in public education and advocacy the claims of a grassroots constituency, voluntarism and privateness have a substantive validity. Theirs are *engaged* constituencies, whom they know through regular working relationships that extend well beyond mere fund raising.[46]

In the more typical case, however, the constituency claimed by the PVO consists of nothing more than the people that a media blitz has succeeded in separating from their money. The PVO may know little of the broad demographic profile of its contributors beyond the fact that they respond to particular media messages. It is unlikely to have any idea of how its contributors think about global issues. What they expect to happen as a result of their contribution. Or even what motivates their giving. Theirs are *passive* constituencies who may nave no more engagement in the VO and its work than the person who buys a box of Tide has in the company that makes it.

U.S. PVOs that presume to be values driven VOs have an obligation to come to terms with their own contradictions and to expand their vision of their roles in the relief of human suffering. A serious commitment to development education efforts that seek increased understanding and action on the causes of human suffering must be an important part of that commitment. In many instances the PVOs development education effort will appropriately begin with its own staff and board of directors. Ultimately that commitment should extend out to its broader constituencies, seeking to turn passive constituents into engaged constituents.

An example of this is found in World Vision affiliates in Australia and New Zealand that have gone beyond child sponsorship to what might be called "village sponsorship." A group of church organizations in a community in Australia or New Zealand undertakes the sponsorship of a village or district in India or another assisted country. In addition to contributing material assistance, the World Vision sponsors undertake a systematic study of the causes of poverty in that village or district they are sponsoring. Representatives of the sponsor group may visit the assisted village and district to meet with the people and to gather further data for their analysis. A member of World Vision's international staff who had visited such sponsorship groups in Australia reported being startled by the sophistication of their questions and observations compared to those of similar groups in the U.S.

Engagement efforts should extend beyond actual or prospective contributors. An organization like the Overseas Education Fund (OEF) has a natural basis for building alliances with a variety of women's organizations in the U.S. Many church sponsored

PVOs have large natural constituencies within their affiliated churches.[47] The challenge is to reach out through human networks, study groups, and forums where people can engage and dialogue on critical development issues. There is need to seek more opportunities for true people to people linkages, bringing together community level environmental activists, cooperatives leaders, women's rights activists, organizers of farm laborers from North and South for mutual exchange to build a shared vision and put their efforts in global perspective.[48]

It is appropriate that PVOs give more attention to strengthening and engaging their natural citizen constituencies in ways appropriate to their nature. For example, church affiliated development organizations might consider the potential of religion to serve as a force for non-violent resolution of ethnic and religious conflict and undertake activities intended to actualize this potential.

These would all be positive steps toward transforming international assistance into a people's international development cooperation movement.

In the effort to develop engaged constituencies, lessons might be found in the experience of the international issue network campaigns that have been organized over the past few years, the best known of which was the campaign against the promotion of infant formula as a substitute for breast milk. There have been others in seeds, pesticides and pharmaceutical drugs that have brought together development action with development education in its fullest meaning.[49]

On the whole, European NGOs have taken a more activist stance in development education than have U.S. PVOs, particularly in their efforts to address the causes of hunger and poverty and in their search for alternatives to more conventional development policies. These activities are often carried out by volunteers working through local groups with minimal budgets. It has been suggested that combining intensive person to person engagement in development activism with the popularization of development commitment achieved through mass media events like Live Aid might prove particularly powerful.[50]

One starting point for an interested PVO might be to apply the techniques of market analysis to identify the demographic characteristics of its natural constituencies, both contributors and non-contributors, and to assess their current level of global knowledge in general and development knowledge in particular. Efforts might then be made to find out what issues most concern them as a means of identifying entry points for engaging them in relevant self- and group-study programs. Such efforts might ease the PVO's problem of making a transition away from conventional fund raising appeals with less risk of consequential revenue loss.

Restoring Voluntarism to PVOs

PVO leaders might wish to take a new look at the question of whether their organizations are truly voluntary.[51] Perhaps they will find unrealized opportunities to develop engaged constituencies, integrating development action and development education within a people's development movement.

Many PVOs do trace their origins to true voluntary service. Yet the recent emphasis on "professionalization" has tended to make the concept of voluntarism something of an embarrassment to many of them. In some instances voluntarism has come to be equated with unprofessional, unskilled, unqualified, i.e., unfit for serious development work. In the U.S., when qualifying a PVO for support AID does not ask whether it is *voluntary* , rather only whether it is *private* , and privateness is defined primarily in terms of the proportion of its funding that comes from non-government sources. AID institutional development concerns similarly focus not on *voluntarism* , but rather on *professionalism.* The role of *volunteers* in the U.S. PVO has been reduced to contributing money and sitting on boards that are expected to limit themselves largely to assisting in raising money and confirming/legitimating the decisions of the *professionals* regarding how it will be spent.

One of the most important contributions of the voluntary sector is its ability to mobilize voluntary energy in the service of the community and its improvement. This is energy that is given freely out of personal commitment without regard to compensation or compulsion. It is what voluntary organizations expect assisted communities to mobilize when calling for their "participation" in the development process.

Without the spirit of voluntarism development becomes a passionless, technocratic exercise in financial transfers with little prospect for achieving social multiplier effects. Nothing happens until a donor is found to pay for it. The fortunate donor may get what it pays for--after commissions--but seldom anything more. The poor seldom get anything at all.

PVOs engaged in development may have something to learn from the volunteer movements that have had such impact on contemporary U.S. society, in particularly the environmental, women's, civil rights, and peace movements. Their strength has been that they are true people's movements comprised of countless organizations with partially paid (below their market rate) professional staff who

BOX 4. IPPF: From Volunteer Movement to Professional Bureaucracy

The International Planned Parenthood Federation was founded in 1952 by eight national family planning associations (FPAs) to stimulate development of local FPAs and to promote national family planning policies and programs world-wide. At its inception IPPF functioned as a dynamic network of dedicated volunteers who traveled around the world, often at their own expense or with funds raised from friends, to help other committed individuals form local FPAs. This network included most of the early leaders of the global family planning movement. A tiny staff receiving token remuneration worked round the clock out of a small office in London to provide support.

The network provided mutual inspiration, political support, and exchange of experience and technology. Many FPAs engaged in family planning service delivery, but often primarily as a tactical measure aimed at influencing governments to take up the task by demonstrating its technical and political feasibility. The more dynamic FPAs defined their roles as catalysts and policy advocates. The effort was a major contributor to one of human history's most extraordinary public policy reversals as family planning moved from forbidden topic to a global public policy priority.

In 1966 Sweden made the first government grant to IPPF, quickly followed by others including AID, which rapidly assumed a dominant role. The budget climbed from $11,600 in 1953/54 to $48 million in 1978 with 353 persons on the central IPPF payroll. By 1987 the budget had risen to over $55 million, almost entirely from government sources. As donor funding grew, so too did the administrative and auditing requirements that came with it. More and more energy was directed to meeting these requirements.

As funding increased, paid staff took over more and more functions from the volunteers. Given the increasing complexity of the organization and the need for advanced technical capabilities this was probably inevitable. But more and more of the attention focused on the management of financial allocations to the affiliates with less emphasis on advocacy and pioneering innovation. The pioneers died or drifted away. The dynamism was gone. It had become an expensive and lethargic international bureaucracy.

A few affiliates have retained their activist, catalytic roles. But most FPAs became dependent on paid staff engaged primarily in the routine delivery of IPPF funded services. With IPPF effectively neutralized as catalyst and advocate, the global priorities shifted dramatically away from family planning.

Volunteers retain a titular role in governance and policy direction, but few have the day to day involvement in family planning as a cause that characterized the early activists. Twenty one percent of the Secretariat budget continues to be allocated for volunteer "support," mainly for travel to international meetings as an incentive to maintain volunteer interest.

Based on Dolores Foley, *Non-Governmental Organizations as Catalysts of Policy Reform and Social Change: A Case Study of The International Planned Parenthood Federation*, University of Southern California Ph.D. Dissertation, October 1988.

commonly see their jobs as being to support networks of activist volunteers who undertake public education, advocacy, and a wide range of local action projects in support of the movement's cause. This is particularly characteristic of cause oriented groups in their early days when they constitute true movements.

With time there is a tendency for people's movements to attract reliable sources of funding, encouraging the development of an expanded professional staff, which may gradually takes over volunteer functions--risking a corresponding loss of vitality. See Box 4.

Those U.S. PVOs that have engaged constituencies work in ways similar to these movement oriented organizations, with their paid staff working primarily to support networks of volunteer activists whose advocacy and development education and community action activities are the real work of the organization.

Forming Alliances with other People's Movements

Those PVOs that chose to define their roles in terms of supporting development as an international people's movement are likely to find it increasingly

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attractive to build alliances with other people's movements that have not previously been viewed as part of the development community. Many of the most critical development issues that must be addressed in the 1990s are more central to the agendas of environmental, women's, peace, and human and civil rights groups than to the established agendas of many of the more conventional development PVOs. Furthermore, many of these people's movements have already forged global alliances of their own.

Indeed we are likely to find development oriented VOs from the Third World moving more aggressively to form alliances with the more cause oriented Northern VOs that are engaged in the support people's movements than with PVOs that have traditionally considered themselves to be development organizations. The reasons are quite straightforward: the cause oriented groups are more relevant to their concerns.

Third World VOs that work closely with the rural poor are seeing with increasing clarity the extent to which the burden of a deteriorating land, water and forestry resource base is being born by the poor. This leads them to an interest in linking into international environmental networks. Similarly, recognition of the political dimension of poverty and the need to protect the rights of freedom of association and expression for VOs and POs leads them to an interest in establishing linkages with human rights groups.

Those VOs that have engaged in women in development activities have come to appreciate the full potential of women as a development force and the extent to which in a number of countries the liberation of women may be a key to unlocking cultural constraints to needed economic and political change.

There is also a natural, though as yet only marginally recognized, shared interest between development VOs and peace groups that are promoting the cause of non-violent conflict resolution. Not only are local and regional conflicts taking an increasing direct toll on the security and well-being of the poor, but global military expenditures also represent a major distortion of resource national allocation priorities, contribute to anti-democratic forces in Third World countries, and are an important contributor to Third World debt. See Box 5. Successful action by peace groups toward global disarmament might do more for the cause of Third World poverty than the total of current public and private development and humanitarian assistance.

Many PVOs will find their development contribution and their attractiveness as partners to Third World VOs greatly increased to the extent that they broaden their definition of development issues and of their own roles in addressing these issues. They may also find it increasingly relevant to build alliances with other cause oriented groups.

Building Partnerships with Indigenous NGOs

With the urging and support of AID, PVOs are giving increasing attention to the development of autonomous indigenous NGOs. A recent study funded by AID's Office of Private Voluntary Cooperation of this experience points to the importance of the PVO doing more than simply creating an indigenous NGO that is a replica of itself and then departing. The most successful experiences have been those in which the U.S. partner maintains a long term relationship with the indigenous partner organization, helping it to establish and maintain linkages with both national and international networks.[52]

Where PVOs have devoted attention to strengthening indigenous NGOs, the focus has most often been on assisting individual organizations. Less common have been interventions by PVOs to help strengthen an indigenous NGO community or sector. An important exception is the recent PACT initiative in Bangladesh funded by USAID/Dhaka aimed at strengthening the ability of Bangladeshi NGOs to work together on important strategic initiatives. Another is the work being done by the Institute for Development Research (IDR) with Ford Foundation funding to assist a number of NGO networking bodies in the development of sector strategies. There is room for a great deal more work by PVOs aimed at strengthening the capacity of NGO sectors to play their social role as catalysts of democratic processes and institutional change.

PVOs interested in local institutional development need to base their assistance strategies on a well developed understanding of local conditions. For example, NGO communities are well established in Asia and Latin America, less so in Africa. Initiatives by PVOs to support the formation of new NGOs in Africa might make important contributions. Similar action in the Philippines or Bangladesh, with their dense populations of NGOs and a continuing rapid spontaneous creation of new organizations, would seem rather pointless. In the latter countries it might be more appropriate to offer specialized capacity building services to a number of NGOs, for example in fund raising, or to find opportunities to assist indigenous NGO networks in establishing useful international linkages.

In a growing number of instances, indigenous NGOs have capabilities equal to or greater than those of many prospective U.S. partner organizations

BOX 5: Military Expenditure Burden

- Global military expenditures of $940 billion in 1985 exceeded the income of the poorest half of humanity.
- Between 1960 and 1981 military outlays in Third World countries grew by 7 percent a year compared to 3.7 percent in industrial countries.
- In 1984 world arms imports totaled $35 billion compared to grain imports of $33 billion.
- Ethiopia has the largest army in sub-Sahara Africa and spends 42% of its budget for military purposes.
- Expenditures on weapons research, in which a half-million scientists are employed, exceed the combined spending on developing new energy technologies, improving human health, raising agricultural productivity, and controlling pollution.

Source: Lester Brown, "Redefining National Security," *State of the World 1986*, pp. 194-211.

in conventional areas of expertise such as health services, rural credit programs, and community organizing. In countries such as India and the Philippines there are also a variety of local training institutions able to offer high quality training on a wide range of themes. PVOs have a difficult time justifying their presence in such settings if they can offer nothing more than what local groups are already able to provide. There are, however, a variety of opportunities for productive partnership even with the most sophisticated NGOs in Third World countries with the most developed NGO communities, but only if the PVO is able to offer something of distinctive value.

For example, the most advanced indigenous NGOs may value partnerships with international VOs that can help them develop more specialized capabilities in such areas as technologies for the restoration of degraded agricultural or forestry lands, policy analysis, developing legislative lobbying strategies, drafting legislation to protect the coastal ecology, managing computer communications networks, developing social marketing campaigns, using television for distance education, organizing rural banks, managing press relations, and policy advocacy.

They may also be looking for international partners that can be effective political allies in such matters as lobbying against the socially and environmentally unsound projects of Northern donor agencies; or bringing international pressures to bear on their own governments to guarantee the freedom of association and expression of VOs and people's organizations.

International VOs can also play a distinctive role in helping indigenous organizations link into international experience and data banks for such purposes as: determining whether particular pesticides or pharmaceutical products are approved for use in the U.S. or Europe, assessing the export market potentials of a prospective product of a sponsored cooperative, accessing new technologies, learning from the experience of women's movements in other countries, and helping access debt swap funds.

Of course organizations offering funding, especially if their procedures are not too cumbersome or obtrusive, are usually tolerated even if they bring little in the way of technical expertise or useful linkages. However, in general, the more highly developed the Southern NGO community, the more advanced must be the capability offered by the PVO or Northern NGO in order for it to be a relevant and useful partner. To the extent that they accept the invitation to partnership, U.S. PVOs will need to be able to establish that they are channels to relevant financial, political, and technical resources. They will be expected to bring an expertise that at least equals that of the Southern partners and to share the Southern partners' commitments to social and political change.

Strengthening Capacity for Public Service Contracting

There are a special set of needs to be addressed by those PVOs that find their comparative advantage comes in assuming public service contracting (PSC) roles. The ability of donors and governments to address a range of issues of critical global importance such as population control, reforestation, and small scale rural credit is going to depend on the willingness of international PVOs/NGOs to develop new capacities to serve in public service contracting roles. In most instances the appropriate role of the international organization will not be in operational implementation, but rather in fielding the technical and organizational capabilities to design large, well-structured programs, and to manage the process of

sub-contracting operations to properly qualified indigenous organizations.

Some of the larger international organizations with established histories in managing large scale humanitarian assistance operations may find large scale public service contracting in the implementation of priority donor programs to be a natural niche.

Those PVOs that embrace the public service contracting role must be aware of some of the negative effects of donor contracting systems and work with the sponsoring donors to avoid them. See Box 6. The issues are discussed in greater detail in a later section of this paper.

While public service contracting is an important option for larger organizations that are not well suited to the more catalytic type of VO development role, it carries particular risks for the smaller organization that is committed to maintaining its voluntary nature and its role as a development catalyst and advocate. To engage in contracting and survive as a VO requires being clear on the forces at work within the contracting system and having an adequate strategy for dealing with them. It is highly risky if undertaken on more than a modest scale relative to the size of the organization.

BOX 6: Consequences of Becoming a Conventional Donor Contractor

The donor contracting system generates strong pressures on contractors to become body shops, supplying people on demand in response to donor requests for proposals.

Donor assisted projects are of limited duration and the donor has no responsibility to the contractor beyond the contract. The demand is "lumpy," creating peaks and valleys in contractor staffing. Furthermore, each contract commonly calls for a different combination of needs for language, area and technical expertise.

Consequently, the contractor develops a core staff of people who are expert in managing proposal writing and the contracting process. This staff maintains long lists of experts available for assignment. When a bid is successful, people are hired on a temporary basis for this list and posted to the field.

There is very little opportunity to develop a distinctive value orientation, competence or approach within the organization, at least not one that has much bearing on the people who do the actual work. It is also not a system that encourages risk taking, at least not in the form of challenging the policies of the donor or the terms of reference of the particular request for proposals.

New Obligations of Humanitarian Assistance PVOs

An increasing rate of system failure will almost certainly generate rapidly growing demands for humanitarian assistance during the 1990s to address the needs of the victims of this failure. Given the corresponding probability of increasingly tight resource constraints there will be a need for organizations that do this job with skill and efficiency.

But there are also growing obligations that must be recognized by the organizations that engage in humanitarian assistance to be clear to themselves, their donors, and the general public that they are engaged primarily the relief of human suffering resulting from conditions that humanitarian assistance does not itself address. In other words, the humanitarian assistance PVO must accept a fundamental responsibility for educating people to the need to address the causes of human suffering, whether or not its own programs address these causes. For example:

- When assisting people in a war zone under a government that is intent on using the starvation of civilian populations as a weapon, is the PVO prepared to expose the callous irresponsibility of the government in an effort to bring international public opinion to bear?
- In relief operations for people living in an environmentally devastated drought prone area with infertile soils and a depleted water table is the PVO prepared to educate its donors and the public to the policies and conditions that created this situation?
- Will the PVO acknowledge the nature of those situations where there is need for permanent international welfare assistance and educate the public accordingly?

The organizations that owe their existence to the willingness of people to open their hearts and pocket books in response to the human tragedy of the starving child have a moral obligation to contribute to increasing public awareness of the linkages between the tragedy of that child and the

BOX 7: Staffing International Operations of the PVO

As a growing number of U.S. PVOs come to accept their responsibility to direct more attention to local capacity building, they become engaged in complex issues regarding the staffing of their international operations. Three questions are key:

- Should the PVO maintain its own in-country offices, or relate only with indigenous organizations directly from its headquarters?
- If the PVO has a local office should it be staffed exclusively with nationals of that country?
- Should the PVO's headquarters staff be internationalized? And if so, should an effort be made to assign responsibility for countries and regions to nationals of those countries and regions?

For a PVO to get out of direct field operations does not necessarily mean that it should not have its own staff presence in-country. Maintaining a meaningful partnership that involves something more than mailing a regular check usually requires an in-country presence. How to staff the office raises complex issues. Staffing the office only with Americans or citizens of other Northern countries risks a colonial image, cuts the organization off from invaluable knowledge and perspectives that nationals from partner countries can bring, and loses an opportunity to help indigenous staff develop the experience of working in an international organization.

The option of completely nationalizing local staff also has important disadvantages. It cuts U.S. nationals off from opportunities to gain much needed international experience. It cuts off the partner country from the benefit of outside perspectives and the strengthened external linkages that the foreigner is often able to bring--one of the major benefits to the host country of the partnership linkage.

The most important drawback, however, is that a national is more likely to be associated with particular ethnic, linguistic, or political factions and will have established political and family obligations to honor that have little to do with the priorities of the organization. Furthermore, unlike international staff who are subject to periodic rotation, a national appointed as the local representative of an international organization is likely to have strong incentives to retain that position and to use it to build and sustain a local political base using the external resources he or she controls for purposes that may not correspond to those of the organization. This is not a necessary outcome and there are examples of exceptionally successful national representatives who bring experience, dedication and contacts to their work. But dislodging a local representative who has taken pains to build a political base can be very costly in terms of the organization's ability to work in that country in the future. If the decision is made to appoint nationals as representatives, the choice must be made with unusual care as the costs of correcting a poor choice are likely to be greater than in the appoint of an international staff person.

If the PVO decides as a matter of policy to spin off its in-country operations as independent indigenous NGOs, then nationalizing the staff is essential to that process, eventually incorporating the organization locally under its own independent local board. But if the PVO intends to maintain itself as an international organization with a field presence, then it is likely to be more appropriate to develop an international staff cadre subject to assignment without regard to nationality. A member of such a staff might in some instances be assigned to his or her own country, but not as a normal preference and with a clear expectation of eventual rotation.

issues of food, health, environment, trade, military and other policies that contributed to it--even if it risks a decline in contributions.

PVOs working in such situations are inclined to argue that speaking out will not only reduce contributions, but may also result in their being denied access to people who badly need assistance. The dilemma is real. It is to some extent a question of a trade off between the interests of current victims and those of future prospective victims of the failure to take corrective action. The more rapid the rate at which future victims are being created

the more compelling the argument for favoring a focus on corrective action.

U.S. INTERNATIONAL ASSISTANCE IN THE 1990S

The changing global perspective poses important issues for U.S. international assistance and suggests that fundamental rethinking may be in order. Given the context, the proposals that follow are relatively conservative in their assumption that AID will continue to serve as the primary agency for the administration of U.S. foreign assistance without substantial change in its current form and mission. In line with this assumption, the following recommendations attempt to take into account both the strengths and weaknesses of AID, suggesting ways in which AID relations with PVOs/NGOs might be strengthened in response to the growing global crisis, as well as appropriate ways of dealing with the need for new initiatives that lie beyond AID capabilities. The need to strengthen support for democratization and people to people development cooperation is a central concern.

The recommendations of this paper call for substantially increasing the flow of public funding for U.S. private development cooperation. These recommendations assume that the needed funding will come from corresponding cuts in existing programs of bilateral support (economic, political and military) to authoritarian regimes--without the need for any net increase in the U.S. foreign assistance budget. It will, of course, be necessary to develop new capabilities to administer such an increase in the flow of public funds for private development cooperation.

Preferential Support for Democratic Governments

Countries totally dominated by state power suffer a severe handicap in seeking a development that is both sustainable and just. They have too little contact with the grassroots level where the burden of environmental destruction is most acutely felt. They are too dependent on maintaining the support of a small group of exploitative elites whose primary interest is in mining as much of the resource base as possible while they are in power to build up their foreign bank accounts. Finally, and perhaps most important, they are unable to mobilize the creative social energy of the people, of the civil society, in achieving the institutional and values change that are involved.

The U.S. cannot and should not dictate another country's form of government. But there is no reason for it to sustain regimes and policies that by their nature inhibit corrective action on the global issues of population, environment, and poverty that are central to the long term interests of the U.S. Furthermore, as the potentials for East-West cooperation in addressing both local and global issues increases, the rationale for channeling foreign assistance to dictatorial regimes as bulwarks against Communism declines markedly.

The current proposal in the U.S. House Foreign Affairs Committee to make support for democratic pluralism a cornerstones of U.S. foreign assistance policy is a most welcome and far-sighted step. It should become increasingly appropriate for U.S. policy to concentrate available government to government assistance on those governments that demonstrate a commitment to strengthening democratic institutions, enabling all their people to participate in the development process, and keeping military expenditures in check. Such governments require and merit support as they attempt to correct the excesses of past regimes.

Though newly formed democratic governments may come to power with strong mandates from the people, they seldom start with a clean slate. Many must contend not only with current needs, but also with the burden of past international debts run up to finance unproductive projects and to cover pilferage from the national treasury by their authoritarian predecessors. Though there is no easy answer to their plight, the global community does have an important stake in the outcome. Furthermore, the banks that made the wasteful and often corrupt loans--as well as the multi-lateral agencies and governments that aided and abetted the borrowing--should carry an important part of the burden.

Sympathetic donors should consider making debt relief a top priority of assistance to newly democratized governments, helping to clear the playing field to give them an opportunity to demonstrate their capability without the burden of the sins of their predecessors. The goal is not to prepare the way for a new round of borrowing to provide an artificial and short-term economic stimulus while restoring the debt burden, but rather to allow them at least the full benefit of the current returns they are able to generate from their own economies.[53]

The second assistance priority for the newly democratized should be to provide direct grant funded budgetary support to meeting immediate needs, rather than insisting on the more cumbersome and slow dispersing project assistance that too often ends up meeting no need at all. The least

BOX 8: Actions to Strengthen U.S. Support for PVOs/NGOs

- Increased support should be provided to Third World NGOs through U.S. PVOs and foundation type intermediary organizations.
- A new public foundation should be established and funded by the Congress to encourage and fund participation in international development cooperation by a broader range of U.S. voluntary organizations than at present, particularly in roles that emphasize advocacy, policy analysis, education, and networking. Special attention should be given to organizations with broadly based voluntary constituencies engaged in forming direct people to people relationships.
- It should be recognized that a substantial portion of U.S. humanitarian assistance addresses needs are more chronic than temporary and that these needs are likely to grow at an increasing rate as competition increases for available food resources. Assistance priorities and relationships with the PVOs that deliver this assistance should be reassessed and revised in ways consistent with this reality.
- The Congress, AID, and interested PVOs should work together to identify those over-riding global priorities bearing on population, environment and poverty that demand emergency by-pass program action by the international community; and plan for development of the needed public service contracting capabilities and relationships to support sustained action on the necessary scale.
- The matching contribution requirement for AID assisted PVO/NGO projects should be eliminated in favor of other more appropriate tests of voluntarism and privateness that do not defeat the purpose for which the test is applied.
- Funds to implement those recommendations that involve new or increased funding should come from reductions in military assistance and in assistance to non-democratic governments.

helpful and most short-sighted of all is only to offer such governments new loans that ultimately add to the debt burden and to limit the use of these loans to donor designed projects that do not correspond with the government's priority requirements for foreign exchange resources.

The Philippines is a leading example of a country that currently merits strong consideration for a combination of debt relief and direct budgetary support.[54]

In the absence of a cold war logic, there is little justification for providing direct support to authoritarian governments that serve only the interests of a ruling elite and suppress the emergence of independent business and voluntary sectors. In such cases, the long term interests of the U.S., and certainly of the poor of these countries, are likely to be served best by directing U.S. aid to the people of these countries, not to their governments. This aid should be channeled primarily through NGOs/PVOs, as has been the practice of many donors in assistance provided to the people of Ethiopia.

The principle of phasing down and ultimately eliminating direct assistance to non-democratic governments should become a cornerstone of U.S. foreign assistance policy.[55] The first argument for such a policy is simply that it is consistent with our fundamental belief in democracy. The second is that in the long-run, strengthening democratic regimes is the best way to assure U.S. national security as it is rare for democratic countries to pose a military threat to one another. The third is that democratization is good development policy--at least if increasing environmental stability and alleviating poverty are important concerns.

The principle is even more relevant to military assistance. A reduction in international military assistance will necessarily be subordinated to arms reduction agreements between the superpowers, but should follow as a natural extension of progress with those agreements. It should be a policy goal of U.S. foreign assistance during the 1990s to work for international agreements leading to a phase out of international military assistance by the year 2000--

irrespective of whether the recipient government is democratic or authoritarian.[56]

Increased Public Support for People to People Cooperation

Even governments that are strongly committed to democratization and the development of a strong civil society can only take enabling actions; the real initiative must come from the people. International people to people cooperation can play an important role in this process. There are several ways such cooperation can and should be strengthened.

Engage a Broader Range of U.S. Voluntary Organizations. With few exceptions the PVOs that traditionally have engaged in international assistance have confined themselves to welfare activities and narrow technically defined development interventions. Though there has been constructive progress, few among them have taken on serious roles as advocates, independent policy analysts, global networkers, innovators, or educators--except in the promotion of their own funding. Even if they might be so inclined, most of them are too dependent on AID funding to risk offense by posing any serious challenge to existing U.S. foreign assistance policies.

Though some of the U.S. PVOs traditionally involved in international assistance are responding to new challenges, U.S. international interests would be well served by encouraging a wider range of U.S. policy advocacy and public education VOs, including those that have previously had little international involvement, to become actively involved in international people to people cooperation. Some of these groups, such as women's, environment, civil rights, and peace groups have demonstrated their interest and ability to reach out internationally. To date U.S. policy has not generally recognized them as being development organizations relevant to U.S. foreign assistance interests. In fact many of their concerns *are* development concerns, at least as we must now define development.[57]

The need for a broader U.S. civic involvement in international cooperation was recognized in the creation of the National Endowment for Democracy, which supports the international involvement of groups affiliated with U.S. labor unions, the chamber of commerce, and the two major political parties. AID itself gives special attention to supporting the overseas activities of the U.S. cooperatives movement.[58] But this is only a start.

Creating a New Public Foundation. The U.S. Congress should establish and fund a new independent public foundation to encourage and support a wide range of U.S. VOs to engage as catalysts, advocates, innovators and educators in people to people international cooperation. This foundation should have a legal structure similar to that of the Inter-American Foundation or the National Endowment for Democracy that will insure its ability to function independently of AID and the U.S. State Department.[59] It must also be free of the procedural and policy constraints that limit the ability of AID to serve as an effective development catalyst. Its distinctive role will be to encourage the U.S. voluntary sector in roles that the PVOs currently funded by AID have only rarely assumed.

VOs perform their distinctive role as an instrument of democratic social process by testing and challenging mainstream public policies and/or filling otherwise unfilled gaps in government services. The fact there is little evident tension between U.S. international assistance PVOs and AID on substantive issues suggests that the PVO community is not serving as an independent voice in U.S. foreign and development policy. This should be of concern to the U.S. Congress.

Ironically, when viewed from this perspective, there appears to be a much healthier relationship between the international NGO/PVO community and the World Bank. A number of international NGOs/PVOs have posed serious challenges to selected Bank projects and policies. The Bank has responded with an attempt to strengthen constructive dialogue with these organization as an opportunity to improve its own programming.[60]

AID, to its credit, also has encouraged PVOs to become more active in advocacy and development education roles. But a good deal more needs to be done to strengthen and support the U.S. voluntary sector as an independent citizen's force in international development and international relations; and AID is not the appropriate vehicle for providing this expanded support. AID is too burdened by its administrative and audit procedures, too locked into established relationships with more the conventional mainstream PVOs, too closely tied to the State Department and U.S. foreign policy, too closely scrutinized by Congress and too sensitive to the possibility of media criticism to take the risks required.

One of the first concerns of U.S. foreign service personnel, including AID staff, is to maintain good relations with the governments (regimes in power) of the countries in which they are assigned, irrespective of the nature of those regimes and their policies. Indeed they must do so if they are to be effective in their assigned roles. They are generally reluctant, and naturally so, to support or be associated with the any American group that works

with local organizations that may be critical of the host government or of U.S policy. Understandable as this may be, it presents a barrier to AID playing a meaningful role in providing assistance to PVOs engaged in people to people exchange around potentially controversial policy issues.

It is best that the American Embassy be able to say with all candor to the host government that has taken offense at the actions of some U.S. VO that the U.S. government has no control over U.S. citizens or organizations that are exercising their democratic rights and are not in violation of any U.S. law. In so doing the Embassy is not only helping to insure the dynamism of the U.S. role in international affairs, it is also communicating an important lesson in the principles of democracy to the host government.

The founders of the Inter-American Foundation (IAF) recognized the importance of insuring that the IAF would operate as an autonomous corporation outside of the U.S. foreign policy apparatus and the control of the State Department. Congress and the leadership of the IAF took pains from the beginning to maintain this independence in appearance and fact, a decision that has served the U.S. well. The irony is that though IAF remains a fully governmental undertaking, it is able to work with greater autonomy from State Department control than is a PVO working abroad under an AID grant.

It has been suggested that one approach to meeting the needs outlined here would be to separate the current AID Office of Private Voluntary Cooperation (PVC) from AID by placing it under an independent policy board.[61] There are a number of weaknesses in this proposal. PVC has a long history of established relationships with PVOs. These relationships meet a continuing need and many U.S. PVOs are quite happy with them just as they are. The average foreign assistance dollar expended through PVOs under existing arrangements probably serves U.S. interests, and certainly the interests of Third World poor, better than the average dollar expended through either conventional bilateral or multilateral assistance programs that directly fund the development projects of foreign governments.

While there are serious limitations in AID's ability to support PVOs in their more distinctive roles, so long as AID continues to exist as an agency, efforts should be made to strengthen its working relationships with PVOs as partners in the programming of U.S. foreign assistance resources. PVC plays a central role in building this partnership. If PVC were separated from AID it would be necessary for AID to create a new PVC.

At the same time, additional mechanisms are needed to address a range of needs that would be difficult for PVC to meet even with greater independence from AID, because PVC would carry with it self-limiting historical relationships and established systems and modes of working.

There are few precedents within the U.S. government for the type of role it is suggested the proposed Foundation assume in supporting PVOs in policy advocacy and public education roles. Difficult and complex issues will be involved. Public agencies, particularly in a democracy, are expected to represent the public interest as defined by the people and their elected representatives. Even where the public interest is defined as being served by having a dynamic voluntary sector, a dilemma remains for the public agency that seeks to support and promote this interest: How does it legitimately decide which among the many competing voices of change it will support?

Most of us see no conflict in our government supporting only one position when that position coincides with our own. It is when the government is supporting a position opposite to our own that we more clearly see the issue. It might be argued in such instances that the U.S. government should either support both in the interest of a full public airing of the issues, or leave both to depend on private contributors.

It follows that the primary involvement of a public agency of a democratic government, such as the proposed Foundation, should be to create the conditions that increase the capacity of and opportunity for VOs to define and project articulate positions on critical public issues into the political debate. It must avoid taking sides until that debate has worked its way through the democratic political process. While the principle seems clear, its implementation will not be easy and will require continuing critical self-examination by the Foundation's staff and directors.

Strengthening Indirect Funding of Indigenous Organizations. The amount of U.S. foreign assistance funds provided to indigenous NGOs should be systematically and substantially increased. This is perhaps the most important investment that the U.S. can make in support of pluralism and the efforts of the Third World poor to address the causes of their own poverty. In the administration of this assistance, indirect funding mechanisms should be given preference over direct funding by AID missions.

Probably the highest overall payoff from U.S. foreign assistance funds, at least in terms of development meaningful to the lives of the poor of the Third World, comes from those funds that are channeled to indigenous VOs and people's organizations. Much of this assistance is "indirect" in that it

flows through independent or quasi-independent U.S. organizations that provide a buffer between the U.S government and the recipient organization.

In Latin America and Africa, modest programs of indirect support to indigenous NGOs are administered through the Inter-American Foundation and the African Development Foundation respectively. The Asia Foundation plays a related role in Asia. Appropriate Technology International (ATI) and Private Agencies Cooperating Together (PACT) commonly serve as intermediaries in channeling AID funds to indigenous organizations, as does the Foundation for the People's of the South Pacific (FPSP).[62] The National Endowment for Democracy supports a variety of private organizations in assisted countries. In some countries USAID missions also provide direct funding to selected indigenous NGOs.

Indirect funding is generally to be preferred for the following reasons:

- The cumbersome and intrusive nature of AID administrative and auditing procedures makes AID a funder of last resort for many NGOs.

- Many highly respected indigenous groups are reluctant to accept AID money directly for fear they will be accused by progressive elements within their own societies of being agents of U.S. foreign policy.

- AID procedures make it administratively costly to manage small grant programs and mission staff seldom have either the time or the expertise and local contacts to manage more than token programs of support to a few local groups.[63]

- Given fears of offending host governments on the one hand and their own auditors on the other, USAID Missions that do have PVO/NGO support programs are likely to concentrate their assistance on mainstream organizations with good accounting systems engaged in relatively non-controversial activities. Mission staff seldom have more than passing knowledge of, let alone contact with, more activist groups.

- Host governments commonly consider the funds available to the USAID mission to be *their* (the host government's) funds and consider the granting of these funds to NGOs to be a diversion of *their* money.

- In general USAID mission staff view NGO support as a peripheral concern largely divorced from their primary responsibility--the delivery of foreign assistance funds to the host government.

While there should be no barrier to USAID missions providing direct funding to indigenous NGOs where they are inclined to do so, the thrust of U.S. policy should be to strengthen and augment the funding of U.S. organizations organized as foundations that serve as intermediaries in making public U.S. international assistance resources available to indigenous NGOs, insulating them from many of the constraints encountered in dealing directly with AID. Strengthening the intermediary funding roles of U.S. voluntary organizations, especially in support of Third World NGO engaged in catalyst roles, might be one of the mandates assigned to the proposed new public foundation.

There is also considerable room for strengthening the roles of existing organizations such as the Inter-American Foundation, the African Development Foundation, the Asia Foundation, Appropriate Technology International (ATI), PACT and Foundation for the Peoples of the South Pacific as intermediary funding channels. Where these organizations receive direct Congressional funding, this funding should be augmented. The performance of ATI and PACT[64] might be enhanced considerably by freeing them from their exclusive dependence on funds administered through AID, either by providing them with direct Congressional appropriations or funding through the proposed Foundation.

Another idea worthy of support is the creation of bi-national commissions or foundations in selected countries that would be accountable to bi-national boards of directors for making grants in support of voluntary development initiatives involving collaboration between U.S. and partner country organizations. Proposals of this type are currently under discussion in relation to the Philippines, which would be an excellent country in which to pilot the concept.

Rethinking and Expanding AID PVO Programming

The full scope of AID's partnership with NGOs/PVOs is often unrecognized, even within AID itself, because much of it takes place outside of projects and offices carrying a specific NGO/PVO label. The amount of AID funding that passes through NGOs/PVOs is likely to grow substantially over the coming decade. As this occurs, it will become increasingly important to achieve greater clarity in differentiating the objectives served by this assistance and the mechanisms appropriate to meeting each type of objective. Important underlying

assumptions will need to be examined and new mechanisms established.

For example, the underlying premise of most AID policies and management systems is that both humanitarian and development assistance are best packaged as project type grants to address a series of discrete, one time needs.

Humanitarian assistance is presumed to involve short-term infusions of emergency assistance to address a temporary crisis situation. Development assistance is presumed to fund one time investments in development projects that are expected to result in the generation of self-sustaining flows of development benefits. In both instances, reality is increasingly at odds with the underlying premise.

Specifically in those areas of activity in which AID is a suitable partner for PVOs, short-term project type assistance is becoming increasingly inappropriate.

Humanitarian Assistance: Aiding the Victims. One of the more thorough recent studies of PVOs noted that the bulk of their resources are devoted to the delivery of food, clothing, and medicine to alleviate immediate suffering.[65] If one assumes that the support provided by AID to PVOs in the form of freight, donated food and excess property is applied primarily to relief activities, then a minimum of 52% of total AID support to PVOs, including contracts, is for relief. This is a highly conservative estimate, as it is probable that a consequential portion of AID financial grants to PVOs also support activities that are most accurately classified as humanitarian assistance. This suggests that the bulk of the AID/PVO partnership is built around the maintenance of an international relief and welfare system.

A portion of this humanitarian assistance is emergency assistance to the victims of truly *natural* disasters. But it is probable that the major portion assists the victims of *unnatural* disasters, i.e., of chronic human induced system failures such as wars, floods, and droughts brought about by human mismanagement.[66] It is likely, given the increasing rate of system failure, that growing numbers of the people receiving such assistance have no realistic prospect of becoming self-supporting in the foreseeable future, even at a level of marginal subsistence. While there is no way to determine what portion of the beneficiaries of this welfare system are permanent international welfare dependents, a considerable portion almost certainly are--a fact seldom acknowledged in the planning and implementation of humanitarian assistance programs.

There is a substantial difference between the provision of short-term emergency relief and the maintenance of permanent welfare services, especially when the number of prospective clients for the latter may be growing rapidly, while the global capacity to respond is declining.[67] This is a deadly serious business that merits more than the current *ad hoc* response to media generated priorities. It needs serious analysis to project anticipated needs and resource availabilities as a basis for more rational priority setting and planning. This is essential not only in improving the allocation of what is likely to become an increasingly scarce resource, it is essential in creating a realistic global awareness of the nature and depth of the problem faced. AID and the PVO community should develop appropriate mechanisms for doing the needed analysis and projections.

They must also work on ways of economizing such assistance through improving preparation for predictable disasters such as annual flooding and typhoons, and developing indigenous capabilities to address chronic humanitarian assistance needs.

International Public Service Contracting. There is a growing interest among donors and governments in funding small scale NGO action on a large scale to implement by-pass programs directed to the three global priorities of poverty, environment, and population. In each instance there is a demand for immediate and decisive action to stop the trends that are making the resolution of the global crisis increasingly difficult. In each instance progress depends on effective local self-help action that governments have generally failed to elicit on the necessary scale.

In the Philippines the Asian Development Bank (ADB) and AID are both planning programs with the Philippine government to engage NGOs/PVOs in the implementation of social forestry projects on a very large scale. AID is pursuing forestry programs in Africa based on PVO/NGO implementation. The ADB is planning a project in the Philippines for large scale financing of NGO rural credit programs. The World Bank is talking with NGOs in Bangladesh about implementing large scale programs of primary education.

The case can be made that such donor initiatives carry substantial risks of distorting the fundamental nature of many VOs, by enticing them into contractor roles for which they are ill suited, and ultimately discrediting VOs as a development force when they fail to perform to donor expectations. Whether or not such donor initiatives are ill advised is, however, a moot issue. The driving force behind them is too strong to stop. Attention is more usefully directed to reducing the risks of distortion and failure.

An important starting point is to recognize that the donor is in this instance not primarily concerned

with funding PVOs/NGOs to implement their own projects. Rather it is looking for effective and responsive public service contractors with skills in working at the village level to respond to a donor defined need. It simply happens that PVOs/NGOs are likely to look more promising in relation to the donor's need than other available types of organization. The need is legitimate and presents an important opportunity for many PVOs/NGOs that may find their comparative advantage lies in assuming such roles. Both the donor and the PVO/NGO need to be aware of the nature of the donor's interest and its implications for their relationship. A look at AID experience helps to define the issues involved, and how they might be addressed.

At the risk of oversimplifying a complex reality, we can say that AID relies predominantly on two contrasting mechanisms to channel funds to private organizations.[68]

- **Commercial Contracting Mechanism.** In the predominant mode AID funds a recipient government to implement a development project, often with the assistance of commercial consulting firms that provide technical support and in some instances become the *defacto* implementers. These projects are of short duration, reflecting the idea that development projects consist of one time investments. The consulting firms are mostly engineering firms that field technical specialists in response to the contract terms of reference specified by AID. These specialists are hired to do a specific job and are not presumed to have any commitment to the project beyond fulfilling the terms of their contract. There is no presumption of a continued or preferential relationship between AID and any given contractor, even on the basis of outstanding performance. Indeed the possibility of such a relationship is prohibited by law and any AID staff person who violates that prohibition risks legal prosecution.

- **PVO/NGO Grants Mechanism.**[69] In the second, and less common, programming mode AID makes grants to PVOs and NGOs to implement their own self-defined projects. Occasionally there has been an attempt by AID to build a program of PVO/NGO assistance around a defined theme, such as child survival. But more commonly the PVO/NGO decides what it wants to do and AID decides whether it is able and willing to fund it. In some instances a long term relationship is forged between AID and a given PVO or NGO through a series of grants, some of which are aimed specifically at capacity building. Any presumption of a long term commitment, however, normally remains unstated, even though it often evolves as a practical reality.

Some individual AID grantees, such as Technoserve, have developed well defined expertise in dealing with a single specialized problem, but this is the exception. On the whole the PVO/NGO activities funded by AID under its co-financing programs are widely scattered in their substance and approach. Similarly, it is rare in AID programming experience to find situations where there has been some linkage or synergy among different AID PVO/NGO grantees and between these grantees and government to government projects that adds up to a sustained critical mass attack on a major development issue. The PVO/NGO co-financing programs provide limited precedent for the type of by-pass program intervention that donors are now looking to NGOs/PVOs to undertake.

The one substantial exception is AID's population program, an experience that is highly relevant to the issues currently faced by donors who are looking to NGOs/PVOs as prospective partners in a concerted and focused attack on key development issues.

In the development of its population program, AID apparently recognized early on that it could not depend exclusively on governments to meet identified needs for family planning education and services. It made a clear choice to develop private suppliers who could complement its efforts to support the installation of government service delivery programs.

In so doing it seems to have recognized a fundamental lesson that the most competitive of American business firms are learning from the Japanese, i.e., that optimal efficiency depends on developing close and loyal relationships with suppliers in a way that allows both the buyer and the seller to mesh their management systems, operating philosophies, and planning to maximize quality while minimizing inventory costs and the time required to respond to the ultimate customer. Only when the supplier is assured of a long-term relationship can it afford to invest in the equipment, skills and procedures necessary to be truly responsive to the needs of the buyer company.

The AID Office of Population needed to develop this kind of relationship with its "suppliers." It needed to establish and operate on a sustained basis a global service delivery system supported by a number of public service contractors with which it developed sustained relationships. It would be illegal to do so using AID's conventional contracting

mechanism. So it turned quite naturally to the PVO grants mechanism, which offered the needed flexibility.

There remained, however, a fundamental contradiction. The grant mechanism is supposed to be wholly responsive to the self-defined agenda of the grantee. Yet AID could not wholly honor this provision and expect at the same time to develop a coherent strategy involving a large number of suppliers with specialized capabilities for dealing with family planning delivery needs. Existing AID policies and mechanisms do not provide any options that would resolve this contradiction and it remains a continuing source of tension between the AID Office of Population and its supplier PVOs.

AID, and some other major donors, are now identifying similar needs in such areas as social forestry and small scale credit. To address these needs, AID and other interested donors must establish and fund systems of public service contractors that take on the sustained implementation of programs involving small scale grass roots action on a large scale. In so doing, these donors will face many of the same contradictions that AID continues to face in its population program.

The management systems of AID and most other donors are geared to the support of short-term projects, not long-term programs. They have no capability to work with large numbers of small organizations. Their contracting procedures are not geared to the development of preferential supplier relationships. Few, if any, NGOs/PVOs, or for-profit contractors, have the capability to implement the kinds of programs the donors have in mind, even on a small scale. Neither conventional contracting nor conventional NGO/PVO grant making seems quite appropriate.

The donors can only meet the currently identified needs by developing preferential relationships with NGOs/PVOs that are prepared to take on long-term commitments as public service contractors. But this requires a corresponding long-term commitment by the donor as well.

The need for by-pass programs continues in the area of population, though this field comes the closest of any in AID to offering a prototype for the rest of the agency. Similar capabilities are needed in other areas where the only realistic choice of the international community is to use contract like mechanisms to fund the implementation of programs that are not expected to become institutionalized and self-sustaining.

A thorough review of AID experience in population might reveal many useful lessons that could provide a basis for defining mechanisms appropriate to this need. Considerable adaptation will be required by both the donors and the cooperating PVOs in seeking arrangements that are both effective and mutually satisfactory.

In many instances the major donors are likely to find that their public service contracting needs are best met by developing relationships with a small number of international NGOs/PVOs that are willing to develop the specialized skills required to serve as prime contractors for a particular activity in several countries. They would then establish or form relationships with a number of indigenous organizations that would assume responsibility as sub-contractors for actual operations. This is more or less the model followed in AID's population program.[70]

Many mainstream PVOs may find that they are more naturally suited to taking on these types of specialized PSC roles than trying to become more mass-based advocacy and public education organizations.

Developing NGOs/PVOs as Capacity Building Partners. AID has long been committed to developing capacities within government agencies to become more effective in the sustained delivery of services responsive to community needs. Though AID has demonstrated a limited ability to address that need, the need itself continues even as AID and other donors become increasingly interested in by-passing ineffective government agencies where possible.[71]

There are important exceptions to AID's general record in such matters, with one of the most celebrated success stories being AID's support for development of the population program of the Indonesian government. This involved a long-term commitment to providing flexible resources in support of the development of a national program, a welcome contrast to the more common AID practice of funding individual projects with limited objectives and a short-term perspective. A second important feature has been the development of creative partnerships with both U.S. PVOs and Indonesian NGOs specializing in family planning service delivery.

For example, the mission's effort to strengthen voluntary sterilization services involves a four way partnership between AID, the host government, an American PVO and an Indonesian NGO. Using funds from the USAID/Jakarta population project, the Indonesian National Family Planning Board (BKKBN) contracted with the Indonesian Association for Secure Contraception (PKMI) and its local affiliates for a range of services in establishing and monitoring sterilization centers in public health facilities throughout Indonesia.

PKMI was originally established with the assistance of a U.S. PVO, the Association for Voluntary

Surgical Contraception (AVSC), under a central grant from AID's Office of Population in Washington. AVSC continues its support to PKMI under this centrally funded grant. AID centrally funded assistance was also received by PKMI from the Pathfinder Fund and Family Planning International Assistance, two other U.S. PVOs. Drawing on this assistance, PKMI developed local affiliate chapters based in medical schools throughout Indonesia.[72]

The Indonesian case demonstrates an important, but seldom realized potential of a four way partnership between PVO, indigenous NGO, AID, and host government. It is no accident that this example comes from the field of population where, as elaborated in the previous section, AID has had a sustained commitment over many years to building and utilizing specialized technical capabilities in selected PVOs and NGOs. Though there are other examples of similar partnerships within the program of the USAID/Jakarta Office of Population and Health, these types of arrangements are not easily replicated within the AID system, particularly outside the population/health sector. But this experience merits further study and consideration as it is relevant to a growing number of AID priorities.

Strengthening Voluntarism and Capacity for Independent Action. A recent AID study noted that:

> One way in which PVOs distinguish themselves from other AID contractors is through their ability to represent an informed development constituency. Having a constituency, and especially an informed constituency, is one means of assuring privateness and maintaining a sense of unique priorities.[73]

These are important qualities in a PVO. Congress and AID have attempted to assure that the PVOs AID supports do indeed have this quality by requiring that to qualify for AID assistance a PVO must obtain a minimum of 20 per cent of its overall budget from non-AID sources. This is known as the privateness test. Though well intended, it is a weak test as it says so little about the nature of the "constituency" that contributes the funds, or about the relationship between that constituency and the PVO.[74]

As noted earlier, a substantial portion of individual contributors to U.S. PVOs are passive contributors who respond to TV appeals that dangerously over-simplify the issue of poverty and may even mislead the viewer as to how the donated funds will be used. Such contributors do not constitute an informed or an engaged constituency.

The thing that truly distinguishes the voluntary organization is its *voluntarism* and it is the amount and quality of its voluntarism that should be of concern to the Congress and AID, not the ability of its professionally compensated public relations staff to run effective media promotions. The test of voluntarism involves asking such questions as:

- Does the PVO have an engaged constituency that is well informed about the organization's mission and is making in-kind contributions of time and resources other than money?
- Does the organization have a well defined sense of its mission, and has there been continuity in its basic commitments over the years?
- Is there evidence that the staff, and especially the leaders, work for the organization first of all because they believe in its mission?
- Has the staff accepted adverse working conditions, when necessary, to advance the mission--including working at salaries below the market rate for people of their education, ability and performance?

The track record of the organization is critical. A values driven VO will commonly have a program that has evolved through learning from its own experience. One might conclude that an organization with program commitments that shift regularly with the flow of donor priorities--one year women in development, the next year child survival, and the next small enterprise development--is more market driven than values driven.

A meaningful test of voluntarism is not easily applied by a government bureaucracy, because it involves highly subjective qualitative judgements. But it is far more relevant than the more mechanistic "privateness" test. There is no assurance that even the PVO that is 100% non-AID funded has the quality of voluntarism that gives the VO its special quality.

Just as in the 1970s, AID encouraged and supported PVOs in reorienting their programming from relief to development, it more recently has been helping PVOs to expand their involvement in development education, strengthen their technical and managerial capabilities, and rethink their roles in relation to building indigenous NGO capacities[75]. AID's policy advisory board has recently recommended that AID give favorable consideration to requests from PVOs for assistance in strengthening their capacities for policy advocacy.[76]

Yet, Congress has mandated policies that actively, if unintentionally, undermine the ability of PVOs to provide needed leadership in performing in independent advocacy, global education and other catalyst roles. Particularly pervasive in its pernicious effect is the requirement imposed by Congress that any AID assisted PVO project budget must include a twenty five per cent matching contribution from non-AID sources. On its face this seems a perfectly reasonable requirement, insuring that the PVO is really committed to the project and is not doing it simply because of the availability of AID funds.[7] But no matter what the intent of the requirement, it limits the capacity of the PVO to engage in the independent thought and action that represents the special quality that is supposed to qualify it for AID grant support.

The problem arises from a simple reality: a dollar received from AID is not the same as an unrestricted dollar received from a private contributor. The AID dollar must be used according to AID procedures for pre-defined purposes and is subject to all the audit regulations and requirements of the U.S. government. Furthermore, it can be used only in AID approved countries for activities that have the prior approval of the local USAID mission, and by implication the local American Embassy.

These limitations do not apply to the unrestricted private dollar--which makes it a more valuable dollar in carrying out innovative, high risk, or controversial activities. But if that unrestricted dollar is applied as a match to AID funds in an AID approved project, then it in effect becomes an AID dollar, subject to all of the restrictions pertaining thereto.

It is not uncommon for a PVO that receives support from AID to find that substantial, if not all, of its unrestricted funds are absorbed by matching grant commitments and supporting administrative requirements and thereby have been effectively converted into more limited AID dollars. In this way the counterpart or matching contribution works directly against professed Congressional intent and should be dropped.

Dropping a requirement that turns more flexible money into less flexible money in no way assures that it *will* be used for desirable purposes that cannot be served with AID money. But keeping the requirement insures that it *will not* be so used and works directly against the stated intent of the privateness test.

The decade of the 1990s is emerging as an important time of choice for human society. The interrelated crises of poverty, ecology, and communal violence reveal the increasing rate of failure of existing global management systems and demand a fundamental rethinking regarding the ways in which human society organizes itself and manages its relationship with the natural ecology. Our concept of and approach to development and development assistance must be redefined accordingly as a people-centered process through which a society increases its capacity for the intensive, sustainable and just use of resources.

The society that hopes to address these challenges must draw on the full potential of all three institutional sectors: government, business, and voluntary. In many countries the most neglected of the three is the voluntary sector, which in a dynamic democratic society provides the market place of ideas and experimental action that is the basis of institutional and values innovation. Neglect of the distinctive development role of the voluntary sector represents a deficiency that must be corrected.

Conventional concepts of development assistance as one way flows of financial resources must give way to new concepts of international cooperation in which the basic currency is information and the task is defined in terms of joint problem solving. Government to government cooperation must be an important element of this process as governments have essential roles to play in redefining the policy context. But the role of people, reaching out to one another across national borders in a collective effort to address their common problems and to demand effective and responsible action by government is equally important.

Most PVOs engaged in international development are generalist organizations that engage in a wide variety of relief, welfare and development activities. The development issues of the 1990s pose serious challenges to these PVOs and demand considerably greater clarity in the definition of their roles and the development of more specialized capabilities.

While there will be continuing needs for PVOs in a variety of roles, a new balance must be established with regard to the overall allocation of effort to serving as catalysts of people to people development movements aimed at systemic change; public service contracting to implement priority programs; and the delivery of humanitarian assistance. In current practice the priority is on humanitarian assistance. The least attention and resources goes to catalyst functions. These priorities must be inverted.

Furthermore, there is a need to develop new capabilities and approaches in each of these roles. Effectiveness in the catalyst role requires new capabilities in policy analysis and the development of more engaged popular constituencies. Meeting the

defined needs for public service contracting will require more attention to priority setting, working to scale, the development of specialized technical expertise, and the forging of long-term performance oriented relations with concerned donors. Humanitarian assistance agencies will need to acknowledge that they are often addressing long-term needs rather than short-term emergencies, give greater attention to planning and priority setting, develop local capacities to meet continuing needs at a lower cost, and contribute to educating the public as to the underlying causes of the suffering they seek to alleviate.

Those responsible for shaping U.S. international assistance policies must recognize that a great deal more than increased funding is involved in helping PVOs/NGOs become more effective in their distinctive development roles. Strengthening and supporting global forces for democratization is perhaps the single most important action that can be taken to strengthen the development contributions of PVOs/NGOs. As agents of civil society they can flourish only where rights of freedom of association and expression are guaranteed.

It is also important to recognize that different means of channeling assistance are appropriate to different needs and different types of NGOs/PVOs. AID itself needs a greater variety of funding options for working with NGOs/PVOs. There is also a need to strengthen non-AID mechanisms to provide support for people to people cooperation in support of more fundamental systemic change through advocacy, education, networking and the formation of international partnerships. Attention must be given to engaging a wider variety of U.S. VOs, in particular those that are engaged in the support of popular movements.

International assistance in the coming decade must not be treated as a simple extension of past approaches and priorities. Neither the U.S. government, nor the PVO community can afford to ignore this reality.

REFERENCES

1. The use of the term NGO in this paper refers to the full range of organizations that are non-governmental and non-profit. As will be elaborated later in the paper, voluntary organizations (VOs), people's organizations (POs), and public service contractors (PSCs) are all NGO sub-types. When there is reference in this paper to private voluntary organizations (PVOs), the use of the term follows the standard U.S. convention and refers to any U.S. organization that conventionally describes itself as a PVO. Such organizations are not necessarily either private or voluntary by the definitions of this paper. For further elaboration see L. David Brown and David C. Korten, "The Role of Voluntary Organizations in Development," Institute for Development Research, Boston, Mass., February 24, 1989. A Concept Paper prepared for the World Bank.

2. For a proceedings of this important conference see the special supplemental issue of *World Development* Vol. 15, Autumn 1987 on "Development Alternatives: The Challenge for NGOs" edited by Anne Gordon Drabeck.

3. The term *institutions* in this definition refers to the enduring systems of structures, rules, customs and values that shape the behaviors and relationships of people within a society.

4. *World Development Report 1988* (Washington: World Bank, 1988), p. 4.

5. World Bank, 1988, p. 37.

6. Lester R. Brown, "Reexamining the World Food Prospect," in Lester R. Brown, *et al.*, *State of the World 1989* (New York: W.W. Norton & Company, 1989), p. 46.

7. From Lester R. Brown, "The Changing Food Prospects: The Nineties and Beyond," *World Watch Paper 85*, (Washington, D.C.: Worldwatch Institute, October 1988).

8. Lester R. Brown and Christopher Flavin, "The Earth's Vital Signs," in Brown, *et al*, *The State of the World 1988*, p. 8. The anticipated growth during the 1990s is 13.5 times the combined population [65 million] of the four Asian "tiger economies" that are being touted by development economists as the models for emulation by poor countries.

9. Lester R. Brown, "Analyzing the Demographic Trap," in Lester R. Brown, *et al.*, *State of the World 1987* (New York: W. W. Norton and Company, 1987).

10. For an analysis of the relationship between population growth and social conflict see Brown, "Analyzing the Demographic Trap.", pp. 32-36.

11. Jodi L. Jacobson, "Environmental Refugees: A Yardstick of Habitability," *Worldwatch Paper 86* (Washington, D.C.: The Worldwatch Institute, November 1988), p. 6.

12. For an excellent treatment of the issues, including a critique of the prevailing approach see David Werner,"Empowerment and Health," The Hesperian Foundation, P.O. Box 1692, Palo Alto, California 94302, U.S.A., January 1988.

13. These include environmentally unsound policies and projects promoted by international donor agencies; and superpower backed regional conflicts, such as in Ethiopia and the Sudan, in which the rulers of contesting governments pursue "victory" with a total disregard for the well-being of their own citizens.

14. According to estimates of the World Watch Institute: "If the U.S. grain output produced with unsustainable use of soil and water is subtracted from the world total, the surpluses of the eighties disappear." Brown, *Changing World Food Prospects*, p. 7.

15. Brown, *Changing World Food Prospects*, p. 49.

16. A leading exponent of this concept is Hernando de Soto of the Institute of Liberty and Democracy in Lima, Peru. His ideas are presented in *El Otro Sendero (The Other Path)*, that will soon be released in English by Harper and Row Publishers. His central idea and the research findings on which his conclusions are based are summarized in *Building Constituencies for Economic Change: Report on the International Conference on the Informal Sector*, sponsored by The Center for International Private Enterprise (CAPE) of the U.S. Chamber of Commerce and the United States Agency for International Development, Washington, D.C., October 26-27, 1987, available from CAPE.

17. Kenneth E. Boulding, "The Economics of the Coming Spaceship Earth," in Henry Jarrett (ed), *Environmental Quality in a Growing Economy* (Baltimore: The Johns Hopkins University Press, 1968), pp. 3-14.

18. This also suggests placing the emphasis on debt relief to restore system balance and increase possibilities for self-reliance rather than on increased borrowing.

19. Zbigniew Brzezinski, "The Crisis of Communism: The Paradox of Political Participation," *The Washington Quarterly*, 10, No. 4 (Autumn 1987), pp. 167-8.

20. Larry Diamond, "Beyond Authoritarianism and Totalitarianism: Strategies for Democratization," *The Washington Quarterly*, (forthcoming). As used in this context the term voluntary associations encompasses both voluntary and people's organizations as defined later in this paper.

21. Willis Harman, *Global Mind Change: The Promise of the Last Years of the Twentieth Century* (Indianapolis: Knowledge Systems, Inc.: 1988).

22. This led to important contradictions. Was our focus to be on increasing the well-being of the poor to weaken the appeal of Communist revolutions in the long run? Or was our focus to be on the elites who controlled the military and political power that kept Communist expansion in check in the short run? While there was a constant tension between the two, we tended to deny the reality that they represented interests in fundamental conflict, in part because that would be to accept the Marxist ideology of class conflict to which we were opposed. Thus forced to deny a fundamental reality of Third World development the short-term considerations almost invariably carried the day. According to Douglas Ensminger, "Agriculture, Food and Employment: Agenda for the Coming Century," *Kidma*, Vol. 10, No. 2, 1988, p. 21 the proportion of Third World people who live in a culture of poverty and malnutrition is approximately the same today as it was when the colonies gained their independence: 52 to 54 per cent for rural areas and 32 to 37 percent for urban regions. To the extent that a purpose of foreign assistance has been to reduce the incidence of poverty we have failed. It is difficult to avoid the conclusion that this failure has its roots in our own self-deception in approaching development as a non-political process.

23. Stephen Hellinger, Douglas Hellinger, and Fred M. O'Regan, *AID for Just Development: Report on the Future of Foreign Assistance*, (Boulder: Lynne Reinner Publishers, 1988), p. 6 conclude that "If the appropriate institutions cannot be funded or if they cannot operate freely the poor will generally be served best by no aid at all. Only when the fixation on the quantity of aid disappears can the quality of aid begin to improve." This is as true for PVOs as for the major public donors.

24. Balance of power advocates will argue that failure to provide military assistance creates power imbalances that invite the use of force by the more powerful player. This is why I have used the term aggregate here. I am not arguing the individual case. I am suggesting that the net effect of all international military assistance is on balance contributing to system breakdown.

25. I am indebted to Tim Brodhead for the observation that adding the adjective "sustainable" to development is a redundancy. Note that because an intervention does not have a sustainable outcome does not necessarily make it an act of charity. An act of charity must meet a real need of a second party. Sad to say there are

so called development interventions that do not meet either test. One might argue that feeding a person to prevent his death or incapacity is essential to sustaining his ability to support himself and thereby should qualify as a development intervention. However, the development test is met only if the intervention removes the conditions that led to the persons inability to feed himself in the first place and thereby results in a sustained capacity for self-feeding. Similarly a health intervention qualifies only if that intervention results in a sustained capacity to meet similar health needs in the future. Otherwise, we are dealing with an act of charity--which is a good and human thing. But it is not development.

26. To the extent they are engaged primarily in humanitarian assistance there may be some validity to this assumption and for many organizations their perspective on this issue may reflect their historical roots as relief agencies. An important difference in the assessment of humanitarian and development assistance is that optimal efficiency in humanitarian assistance is a 100 per cent return on expenditure. Perfect performance consists of getting the full pound of donated rice into the belly of a hungry child. It is therefore appropriate to measure the performance of a humanitarian assistance effort in terms of the amount of financial resources transferred, if the assistance in fact gets to the targeted individuals. However, for a development program 100 per cent return constitutes failure. A successful *development* intervention must have a *multiplier* effect. A development intervention is successful only if the pound of rice offered as assistance translates into a farmer's capability to produce several pounds of rice each year for an indefinite period of time. Increasing the amount of external resources applied in a development effort may actually undermine this result by reducing the incentive to become self-reliant. This represents an important difference between humanitarian and development assistance programs that is inadequately recognized either by public or private assistance agencies.

27. By implication it is presumed that authoritarian governments are not subject to interest group pressures. In fact they respond only to a much narrower range of interests, in whose hands development benefits are concentrated.

28. There are a number of variants on this model. Commonly the intermediary NGO is an international group or of the same nationality as the donor. Other times the funds may go directly from a foreign donor to an indigenous NGO. Or they may go from the donor to an NGO of its own nationality to then be allocated to indigenous NGOs that become the ultimate service providers.

29. One person can never empower another. However, people can collaborate in a process of mutual empowerment.

30. I use the terms North and South occasionally in this paper because I know of no adequate alternative means of communicating the critical ideas. Some people, particularly from the North, object to this terminology on the grounds that it incorrectly suggests the existence of two competing power blocks, presumably because the terms gained currency in relation to demands from the South for creation of a New International Economic Order. In that context the term clearly denoted power blocks with conflicting interests. More recently NGOs have taken up use of the North/South terminology, not in the sense of competing power blocks, but rather to denote sets of countries that are evolving relationships born out of differing sets of historical experiences. While not intending to imply any uniformity among nations of either the North or the South, the nations and people's loosely identified with each grouping do tend to share elements of a common heritage not shared by members of the other. It is difficult to speak of changing relationships between countries of North and South groupings without use of some terminology.

31. Under the old models it was uncommon for either governments, or donors, to have any real idea of how their programs and projects affected the lives of the people they were supposed to assist--particularly if those people were poor.

32. The basic argument is well articulated by Larry Diamond: "True sovereignty resides not with the regime in control of the state of a country, but with its people, and when the people clearly indicate their rejection of the ruling regime, democratic governments and organizations are justified in offering them assistance to realize their political aspirations. This is not a carte blanche for democracies to overthrow regimes they fear or dislike, but rather an argument for popular legitimacy as the fount of sovereignty, and for reading

unambiguous signals of the illegitimacy or delegitimation of an authoritarian regime as due cause for no longer according it the full respect and privileges of sovereignty." [Diamond, "Beyond Authoritarianism and Totalitarianism," p. 28.]

33. Diamond, "Beyond Authoritarianism and Totalitarianism," p 29.

34. This section draws extensively on Brown and Korten, "The Role of Voluntary Organizations."

35. The fact that government has a distinctive ability to acquire resources through coercion does not imply that it may not also engage in exchange transactions or even in the mobilization of voluntary action. But governments generally have demonstrated more consistent performance in the former. Similarly, governments may engage in some exchange or fee for service activities and may at times solicit voluntary contributions. But no government comes to mind that depends for resources primarily on the collection of fees for specific services rendered or on voluntary contributions from generous, public spirited citizens.

36. Some international NGOs, when confronted with the reality that their fund raising seems unabashedly market oriented claim that they operate with two faces. The fund raising face may function as a public services contractor competing for market share, but the program side operates as a voluntary organization driven by a distinctive social vision and commitment. It is difficult for an organization so bifurcated to maintain either that it is a responsible public services contractor or that it is true to its values as a voluntary organization. Such bifurcation has little place within the emerging vision of international assistance as a process of mutual empowerment based on people to people action. If the message that is communicated to donors does not fit with the reality of field action, there can be no pretense that the donor constituency is being informed and engaged as a development partner. Furthermore, the ambiguity and confusion between the differing orientations of these two different roles must surely undermine the capacity of the organization to do either well.

37. Berg has questioned the "voluntary" nature of U.S. PVOs on this ground noting that many of them are more "like large consulting firms only with higher ethical sensitivity and lower overhead rates." Robert J. Berg, *Non-Governmental Organizations: New Force in Third World Development and Politics* (East Lansing: Center for Advanced Study of International Development, Michigan State University, May 1987), p. 33.

38. An excellent example in the international assistance field would be CARE's Food for Work Program in Bangladesh, under which contract services are provided for the local USAID mission in the distribution of food resources. The program operates on a significant national scale and is a model of efficient management.

39. This is not a contradiction. The essential difference between a for-profit and a non-profit organization is a legal difference in their tax status. Some "non-profits" are as concerned with "profitability" as any organization legally classified as a for-profit. Indeed there is a body of management opinion that argues that non-profits should be more concerned with profitability. See for example, Paul B. Firstenberg, *Managing for Profit in the Nonprofit World* (New York: The Foundation Center, 1986).

40. Many voluntary organizations and public service contractors share another important point in common that sets them both apart from conventional business organizations. For a conventional businesses the consumer of the good or service they produce also pays for that good or service. This provides the basis of market discipline, establishing a direct link between the real service the organization renders and its prosperity and survivability. Presumably the customer will only pay if he or she finds the product worth the price demanded. For nearly all voluntary organizations and many, if not most, public service contractors this relationship does not hold. They commonly find themselves dealing with two different clientele. The one who puts up the money is not the direct beneficiary of the product. Indeed it is not uncommon that there is no connection whatever between the funder and the presumed beneficiary. The person, organization, or government agency that makes a contribution to a PVO to deliver relief services in Ethiopia may never have had any direct contact with Ethiopia or have any idea whether the product is ever delivered.

41. It has been suggested, for example, that child sponsorship agencies are in fact in the business of selling or contracting children to affluent Northern families interested in adding an inexpensive and undemanding exotic to their family circle. Such a characterization is surely unfair in most instances. On the other hand, those agencies involved in child sponsorship are often among the most articulate in describing their marketing strategies and the most aggressive in pursuing "market share." A good many Northern agencies have found child sponsorship to be a sufficiently profitable product line that they are understandably reluctant to drop it as a fund raising tool.

42. I expect to be criticized by some readers of this paper for revealing a bias for the development catalyst VO. That is somewhat inevitable, as it is the basic argument of this paper that they have a crucial and irreplaceable role in reversing the trends toward creating an uninhabitable planet. I admit to believing that this is the ultimate priority.

43. Tim Brodhead suggests that a basic difference between a development agency and an aid (welfare) agency is that the development agency must have a development theory. The theory is essential in directing attention to the causes rather than the symptoms of the problem being addressed. International assistance organizations that operate without a development theory are simply transferring resources. This is as true for NGOs and PVOs as it is for major international donors. Many Third World NGOs have taken this challenge seriously and are engaged in attempting to define their own development theories. Few U.S. PVOs have as yet taken up this challenge. Some actively resist it, and with good reason. A serious development theory addressed to the persistence of poverty must address poverty's political dimension.

44. See Larry Minear, "The Other Missions of NGOs: Education and Advocacy," *World Development,* Vol. 15, Supplement, 1987, pp. 201-211 for a review of PVO involvement in development education in the U.S.

45. Minear, "Education and Advocacy," pp. 205-6. One American PVO executive has condemned the treatment by PVOs of human suffering, "one of life's most tragic and intimate experiences,...as a product to be packaged and sold." They highlight the symptoms of hunger while ignoring its causes, peddling "a view of the world that is out of date, out of touch with reality, arrogantly conceived and potentially dangerous." Larry Hollon, "Selling Human Misery," *Global Education Reprint Series* (New York: Church World Service, 1983), p. 7 as quoted by Minear. This exploitation of the starving child for fund raising purposes is perhaps development's equivalent of child pornography.

46. Berg, *Non-Governmental Organizations,* p. 33 argues that U.S. PVOs should redefine themselves as mass movements, using Bread for the World, which he indicates has mobilized over 40,000 Americans to lobby for development, as a positive example.

47. The Episcopal Church in the U.S. makes an effort to develop direct linkages between its U.S. parishes and parishes in Third World countries.

48. The New York based Asia Society is developing a plan for just such an undertaking, bringing activist Asian NGO leaders to the U.S. to conduct public forums and to meet with counterparts engaged in parallel undertakings in communities throughout the U.S.

49. Thierry Lemaresquier, "Prospects for Development Education: Some Strategic Issues Facing European NGOs," *World Development,* Vol. 15, Supplement, 1987, p. 195.

50. Lemaresquier, "Prospects for Development Education," pp. 189-200.

51. See Berg, *Non-Governmental Organizations* , p. 33.

52. See Huntington, *Accelerating Institutional Development.* This is the final report of a study of 28 field organizations of 12 U.S. PVOs in 18 countries. Unfortunately the report gives few details of this experience.

53. The emphasis on borrowing as an economic stimulus is short-sighted and irresponsible. Borrowing and debt go hand in hand. To maintain that borrowing is good and debt is bad requires some rather skillful compartmentalization of reality.

54. There is good reason for the U.S. government not to buy off the debt from the banks, except at a deep discount. When a bank makes bad loans insuring the burden falls on the bank is one of the best ways of encouraging improved judgement in the future. Rodgrigo Botero, the former Finance Minister of Colombia, who played a major role in preventing Colombia from running up a large debt during the days when other countries were engaged in unrestrained borrowing, tells of international bankers who nearly demanded that he accept their loans and attempted to mobilize international pressure on him to do so. Personal communication with the author.

55. Some readers have suggested that this is naive and simplistic. I didn't say it would be easy as the world is complex and there are strong opposing interests. But in my view the dimensions of the current global crisis are such that the old rules cannot be allowed to apply. A new logic and new principles of foreign affairs are essential to resolving the crisis. And that logic includes the need for strong measures by the international to rid the world of self-serving dictatorships that are a serious impediment to constructive action.

56. This will likely be more difficult even than phasing down direct assistance to authoritarian governments, if for no other reason than the substantial interests of the arms industry in sustaining this assistance. But such a policy is fundamental to the new vision that must drive our attack on the global crisis.

57. See Berg, *Non-Governmental Organizations,* p. 32.

58. Unfortunately the cooperatives experience is not always the best demonstration of people to people action. It is sometimes difficult to tell the extent to which the assistance provided by the U.S. cooperatives movement is really aimed at strengthening the economic power of the poor through strengthening independent cooperatives movements or at advancing the interests of U.S. cooperative businesses.

59. This proposal bears resemblance to the proposal for a Foundation for Private and Voluntary Cooperation made by Stephen Hellinger, Douglas Hellinger, and Fred M. O'Regan *AID for Just Development* (Boulder: Lynn Rienner Publishers, 1988), pp. 114-123. The Hellinger, *et.al.* proposal, however, deals exclusively with the funding of local projects identified by grassroots organizations. The present proposal envisions a broader concern with development of indigenous NGO capabilities and facilitating people to people linkages and cooperation in policy advocacy, catalyzing institutional change, global education and related activities.

60. In fairness to AID it should be noted that AID projects are generally relatively benign when compared to the detrimental social and environmental consequences of some of the more notorious Bank projects that have been the objects of NGO/PVO attention. The Bank thus offers a much clearer and more important target for NGO policy advocacy actions.

61. I originally considered this to be an attractive proposal, but have since concluded it would not be sound for the reasons outlined in the text.

62. Overall, there are disturbingly few PVOs with proven capabilities in providing meaningful financial and technical support to indigenous voluntary and people's organizations. It would be desireable for many more of them to develop this capability.

63. It is rare for a USAID mission to have the luxury of being able to assign even a single foreign service officer to work full-time on NGO affairs. More often it is assigned to one individual as one of several duties. Probably the two best examples of serious mission managed NGO programs are found in the Philippine and Indonesian missions. In these programs direct hire staff are supplemented with one or more personal services contractors and/or host country national staff. Each allocates at least one and possibly marginally more than one full-time equivalent foreign services officers to administer its PVO/NGO co-financing activity.

64. PACT differs from the other organizations mentioned in that its funds go primarily to PVOs. It is, however, increasing its roles as an intermediary in funding Third World NGOs.

65. Brian H. Smith, "U.S. and Canadian PVOs as Transnational Development Institutions," in Robert F. Gorman (ed.), *Private Voluntary Organizations as Agents of Development* (Boulder: Westview Press, 1984), pp. 118-122.

66. As noted earlier, the statistics maintained by Interaction, AID, and even by most PVOs themselves do not make such distinctions--even between humanitarian assistance and development.

67. I do not expect these to be popular ideas. PVOs sell their case on the ground that they are helping people get on their feet, to become self-reliant citizens. No doubt many of them do. But the reality is that in the aggregate the trends run strongly in the wrong direction. This is not to suggest that PVOs are failing. It is to suggest that they are working against much larger forces than most have been prepared to acknowledge and that the overall prognosis for the assisted "getting back on their feet" as a result of PVO assistance is becoming increasingly grim.

68. There is a third mechanism called the cooperative agreement that combines some features of the contract and grant mechanisms. It actually comes closer to the need being described than either the normal contract or grant making mechanisms, but it represents a sort of contracting no man's land in AID as some contracting officers take an intensive dislike to it on the ground that they believe it is too often used in the place of a contract to circumvent normal contracting procedures. It is not widely understood within AID and is used only rarely compared to standard grants and contracts.

69. Use of the grant mechanism is not necessarily limited to PVOs/NGOs. It is used with a variety of other types of organization, but probably is most commonly used with PVOs/NGOs.

70. The service delivery system USAID/Dhaka funds under which five U.S. PVOs provide sub-grants to a large number of Bangladeshi NGOs to deliver family planning services bears special examination.

71. For a detailed analysis of the issues involved see David C. Korten, "Third Generation NGO Strategies: A Key to People-centered Development," *World Development*, Vo. 15, Supplement, 1987, especially pp. 153-4; Report on Session 2, "Practical Problems of Project Design and Implementation," in *Institutional Development: Improving Management in Developing Countries*, Reports on a Seminar Series (Washington, D.C.: The American Consortium for International Public Administration, 1986), pp. 7-17; David C. Korten "Learning from USAID Field Experience: Institutional Development and the Dynamics of the Project Process," *NASPAA Working Paper No. 7 (Washington, D.C.: NASPAA, June 1983)*; AID Asia Regional Committee on Community Management, "Proceedings of Bangkok Meeting," (Jakarta: USAID/Jakarta/REG/DEV, November 12-14, 1984.

72. David C. Korten, "USAID/Jakarta PVO/NGO Issues Paper," Jakarta, Indonesia, USAID, July 6, 1987.

73. Carol L. James and Irene Fischer, "Toward a New Consensus on Public/Private Approaches to International Development," Work in Process Report on a study for the U.S. Agency for International Development by Automated Research Systems, Ltd., Alexandria Virginia, September 1988, p. 39. The phrasing of the statement "other AID contractors" reveals an ambivalence that commonly arises in AID's own thinking. In its grant relationship with PVOs the PVO is not in theory a contractor, it is an independent organization with an independent program that AID has chosen to support. In fact, AID speaks with two voices in describing the nature of its relationship with the voluntary sector. Sometimes it argues that AID is seeking to augment private voluntary organizations in the pursuit of their own agendas. This is the basis of the use of grants to support unsolicited proposals. But at other times AID personnel will defend AID's assistance to PVOs on the ground that because of the matching funds requirement AID is leveraging the private resources of the PVOs in support of AID's own agenda.

74. The privateness test does give some assurance that the organization is not *wholly* dependent on AID funding. It is difficult to maintain that an organization has an agenda independent of that of AID if it has no other funding and no other program. It should be recognized that the issue of independence, which is what the privateness test is intended to be about, is primarily relevant to the VO. It is no more relevant to a PSC than it would be to a defense contractor or a for-profit consulting firm.

75. Richard Huntington, *Accelerating Institutional Development.* Final report to the Bureau for Food for Peace and Voluntary Assistance, Office of Private and Voluntary Cooperation, Agency for International Development prepared by the International Science and Technology Institute, Inc., Washington, D. C., September 1987.

76. Advisory Committee on Voluntary Foreign Aid, *The Effectiveness of Private Voluntary Organizations,* 1988 Report (Washington, D. C.: U.S. Agency for International Development, 1988).

77. Rules as to what qualifies as a counter-part contribution have varied over time, sometimes being loosely interpreted to included in-kind contributions of labor and materials and others being interpreted narrowly to include only contributions of hard cash from private individual contributors. It is ironic for an agency to seek out a partnership with a voluntary organization, presumably in recognition of the fact that the voluntary organization brings something to the development equation that donors lack, and then turn around and deny the validity of any contribution except that of money--one development contribution in which AID has a distinct advantage over the PVO. It is a denial of the very nature of the voluntary organization and of the distinctive value of its ability to mobilize voluntary social energy.

Additional Questions for David Korten

Submitted by Hon. Mickey Leland

Question. In your written testimony you mention the responsibility assumed by U.S. foreign assistance personnel and A.I.D. field mission staff to maintain good relations with host governments. Citing specific examples if you can, how does this responsibility create barriers to A.I.D. assisting PVO's involved in people-to-people exchanges centered around controversial policy issues?

Answer. The reality here is quite complex. There is a natural and necessary bias on the part of foreign service personnel, including U.S. A.I.D. staff, toward maintaining good relations with governments. That is part of their job. Many of these governments, especially those of questionable legitimacy, are nervous about NGO's, if not out right hostile to them. Many governments require that every grant from a foreign donor, including A.I.D., be approved by them in advance. Here A.I.D. often has little choice. Some donors that do not have in country offices reportedly routinely ignore such rules. In most countries of interest A.I.D. does have offices.

It is not possible to make categorical statements about what A.I.D. does or does not fund. Practice varies widely from mission to mission, and from one mission director to another. There are surely examples of A.I.D. funding relatively activist organizations. But on balance, there is a strong bias in A.I.D. PVO funding favoring organizations engaged in routine service delivery activities over more activist organizations concerned with enhancing the ability of the poor to exercise their rights.

A.I.D. does provide some funding for human rights and development education efforts of PVO's/NGO's. But generally this is in response to congressional earmarks. In Asia, money earmarked for human rights is routinely passed on to the Asia Foundation. In one sense that reflects good judgment by A.I.D. as this is an area in which the Asia Foundation has expertise that A.I.D. has never chosen to develop. But the fact that A.I.D. has not developed expertise and seldom has particular knowledge of groups working in the human rights area is telling in itself.

A little over a year ago my own organization, the Institute for Development Research, a registered U.S. PVO, submitted a proposal to the Asia/Near East Bureau of A.I.D. to support our work in Asia aimed at helping NGO's throughout the region think more broadly about their roles in influencing policy and supporting institutional change above the village level. The proposal was warmly received in Washington and funding seemed assured. Mission response, however, killed it.

One mission responded that they were developing an NGO project that

would be administered by a quasi-governmental agency and did not want any A.I.D. activity in country unless it was run through or at least had a strong endorsement from this governmental body.

Another mission objected strongly to one of the NGO's with which we proposed to work under the grant because it "actively lobbies for programs and policies that the U.S. Government might have difficulty supporting in a foreign country." (From the mission's cabled response to Washington.) The NGO in question is a consortium body of NGO's aligned with the democratic left of center in a country with an active insurgency. The distinctive characteristic of the NGO's that form this coalition is their commitment to demonstrating that meaningful institutional change is possible through a nonviolent democratic process. They present themselves as an alternative to the revolutionary left and its efforts to undermine the democratice process. Most of them are actively engaged in the implementation of the country's land reform policies, the success of which is essential to the preservation of its newly restored democracy.

Very few of the groups that participate in this coalition receive A.I.D. NGO funding. The mission would surely counter that few of these organizations would be willing to accept A.I.D. money, which is true, in part because it is well known that most of the NGO funding from this mission goes to NGO's sponsored by corporations and wealthy families that are considered, rightly or wrongly, to be defenders of the status quo. In fact this mission is particularly proud of an innovative program aimed at encouraging multinational corporations to engage in community development activities by providing supplemental funding. This is a perfectly appropriate thing for an A.I.D. mission to promote, but such efforts are not going to attack the fundamental reforms in values, institutions, and asset control essential to alleviating poverty in this particular country.

A third mission indicated that it saw the major priority being to develop middle level management skills in NGO's. The particular concern here was in developing the accounting skills necessary to meet the requirements of A.I.D. auditors. Our proposal was not relevant to that agenda.

Another part of the problem is that many A.I.D. personnel, even at senior levels, have a limited understanding of the political and institutional issues that are the heart of the more important PVO/NGO work. One mission I advised during the period in which I served as A.I.D.'s Asia Regional Advisor on Development Management was assisting a country with one of the most centralized, authoritarian governments to be found in Asia. Some of the staff were arguing that the mission should make the promotion of institutionalpluralism, with a particular emphasis on NGO's, a central goal of its strategy. It was necessary to explain to the senior mission officer responsible

for the preparation of the strategy the meaning of the term institutional pluralism. This individual was bright, hard working, and an unusually competent administrator, but had never been exposed to the fundamental tools for dealing with the institutional and political dimensions of development.

My point is that while A.I.D. is a reasonably satisfactory mechanism for funding PVO's/NGO's to deliver basic services, it is not a promising mechanism for supporting PVO's/NGO's in their developmentally more central roles in advocacy and education. The publicly funded development foundations are much better suited to this task. If public support is to be given to U.S. voluntary organizations for such efforts, it is probably necessary to create a separate public foundation to allocate such funds.

Question. To what extent are multilateral organizations equipped and interested in pursuing long-term development goals in cooperation with PVO's? Are certain development assistance programs better served through PVO/multilateral partnerships as opposed to PVO/bilateral partnerships?

Answer. With the exception of UNICEF, the interest of multilaterals in PVO's/NGO's is quite recent. However, it is growing rapidly and has gained substantial visibility, though actual funding commitments by the multilaterals remain modest relative to their total resources. The World Bank is now probably the leader among the multilaterals in terms of systematic efforts to deal in an intelligent way with PVO's/NGO's. Most promising is its interest in encouraging governments to adopt policies supportive of strong, independent NGO communities and in increasing PVO/NGO participation in providing feedback to governments and donors on the actual grassroots impacts of various development programs and policies. In these areas the World Bank is well ahead of most other donors, whether multilateral or bilateral.

When it comes to funding NGO's, I get very uneasy about a prospective World Bank role. The World Bank is only able to give lonas. There are few instances in which loan funding makes any sense for NGO's. Of necessity the loans will almost invariably go to governments, which may convert them into grants or contracts for NGO's. But this means the NGO will tend to become a captive of government. This substantially reduces its independence. There is also a tendency to reduce the NGO to a nonprofit contractor, with a loss of its more innovative functions and its independent voice.

In general, the multilaterals are by nature more the captives of recipient governments than are the bilaterals, as the recipient governments sit on their boards. In this respect bilateral agencies have greater freedom--if they chose to use it. Furthermore, the bulk of multilateral funding is loan funding. A substantially greater portion of bilateral funding, at least A.I.D. funding, is in grant money. While bilateral agencies face many pressures to channel their

funds predominantly through recipient governments, they also have greater freedom than multilaterals to resist those pressures. On the whole, I would say that between the multilateral and the bilateral agencies the natural advantages in working with PVO's and NGO's in a funding partnership rest with the bilateral agencies.

But the importantcomparison is not between bilaterals and multilaterals, both of which are basically creations of governments to channel assistance to governments. They are both, with some difficulty, able to fund PVO's/NGO's in relatively noncontroversial service delivery roles and in the roles of nonprofit contractors. Neither is particularly well suited to providing funding to voluntary organizations in their more distinctive roles as social innovators. Here, to the extent that public funding is involved, the natural advantage rests with the publicly funded foundations.

Question. What is the role of the PVO's independent of the U.S. foreign aid program? To what extent can development goals be met by PVO's today without heavy reliance on bilateral or even multilateral donor assistance?

Answer. Perhaps the most essential development role of voluntary organizations currently is to challenge and provide viable alternatives to the conventional growth centered development vision that focuses on capital rather than people, that encourages theexploitation of nonrenewable resources with no thought for the future, that treats the environment as a vast waste dump, that gives priority in resource use to the wants of wealthy consumers over the needs of the poor, that denies the relevance of political development, that encourages indebtedness to create an artificial and unsustainable prosperity. Most of the bilateral and multilateral development assistance agencies are both the products and the instruments of this conventional vision

The greater the dependence of the voluntary organization on fund from one or more of these agencies, the less likely it will be to provide effective leadership toward what some of us refer to as an alternative people-centered development vision. To the extent that this funding carries a cofinancing requirement, even the discretionary funds of the organization will be absorbed by the donor agenda, precluding their use for innovative efforts outside of that agenda.

Generally, with the possible exception of the Canadian and perhaps one or two of the European bilaterals, the multilateral and bilateral agencies do not see themselves as being in the business of supporting the creastion of an alternative vision. Certainly A.I.D. does not at this point in time. To the extent that U.S. PVO's are inclined

to address this agenda they must seek their financial support from other sources.

Work on the creation, promotion, and demonstration of a people-centered development vision certainly merits public financial support. But if public support is to be provided to U.S. PVO's to participate in this enterprise, then it will probably require the creation of a new public foundation with an explicit mandate to support U.S. PVO's in such efforts.

Prepared Statement of Peter J. Davies, President and CEO, InterAction

Mr. Chairman, it is a pleasure to appear before this distinguished Select Committee on Hunger once again. I have valued greatly the strong support that you personally have given to the private voluntary community and to InterAction over many years now.

My name is Peter J. Davies and I am President and CEO of the American Council for Voluntary International Action (InterAction), a coalition of 116 U.S. private and voluntary organizations dedicated to international humanitarian assistance. Our members provide disaster relief; refugee protection, assistance and resettlement; long-term development; public policy advocacy; and educating the American public on international development issues. We are a diverse community formed in 1984, composed of most of the largest and dozens of smaller private voluntary organizations (PVOs), both secular and church related. I have appended a list of our members to this testimony.

Today, in response to your invitation, I wish to cover six issues:

1. The role and value of PVOs to the development process;
2. The special role of women and child survival strategies in this process;
3. The changing environment in the third world where we do our business;
4. The role of US PVOs in helping to strengthen and support local national PVOs;
5. The AID/PVO relationship as it has matured and our future relationship as it ought to be;
6. Why we support a new institutional relationship through a Center for Voluntary Cooperation in Development.

1. The role and value of PVOs to the development process

According to the AID Administrator's recent report: "Development and the National Interest: US Economic Assistance into the 21st Century" more than 500 PVOs help meet the needs of people overseas, of which 240 are currently registered with AID. In 1986, the report states, PVOs received $1.05 billion from AID, the bulk of which went to humanitarian assistance in the African countries affected by drought and famine.

According to a study of our own members (many of which do not receive any AID funding), they raised collectively from private citizens, foundations, churches, corporations, over $1.2 billion. The US government on the other hand, contributed $431 million. That means that 74 percent of our members' support comes from private sources and only 26 percent comes from the US Government. Of that government portion, $193 million was in grants and cooperative agreements. The remaining $238 million was in commodities, primarily through the PL 480 Food for Peace program.

The $1.2 billion in private donations from the US public represents an enormous vote of confidence. It demonstrates that the general public supports the humanitarian work of private and voluntary organizations -- from the largest nationally known to the smallest locally organized.

But it is not the amount of money that flows -- the resource transfers -- that is important. It is rather the quality and nature of the assistance that US PVOs provide, the relationships they build with local national institutions and the impact they can have on the development process itself. It is the way these organizations can have an impact on the lives of people -- of women, children and men -- that is the dynamic attribute of PVOs. In short, it is the people-to-people relationships that count.

The development objective of most PVOs is to help people to improve their own lives by increasing the amount of food they are able to produce; to protect and sustain their own land and forests; to start micro-enterprises that can increase their incomes; to plan their families, improve their health, educate their children and, most importantly of all, meet their aspiration to provide a better, higher quality of life for their children. I need not belabor the multiple projects that PVOs are engaged in wherever there is need. Rather, let me tick off some of the attributes that PVOs bring to the development dynamic. I shall quote here from an excellent document A PVO Platform that InterAction's Public Policy committee drafted during the last national election. It reads as follows:

• "PVOs are apolitical and usually perceived as separate from the official U.S. presence. This can insulate PVOs and their work against interference and manipulation for political purposes.

• PVOs have a unique understanding of local institutions and of the sociocultural environment and therefore can produce more appropriate project designs. They have generally better access to working-level host government officials than do consultants and many AID staff. They also have a broader familiarity with a country's rural areas, where beneficiaries live and projects are targeted. The World Bank, the International Fund for Agricultural Development and other multilateral agencies are now actively involving PVOs in their programming to take advantage of their grassroots expertise.

• Because of their solid contact at all levels of the host society, PVO staff are in a better position than generally realized to engage in policy dialogue, albeit often on an informal basis.

• PVOs are grassroots-oriented and therefore able to work effectively with local authorities and indigenous NGOs in the development programs.

• PVOs have a well-deserved reputation for cost-effective utilization of both private and government aid funds. At the same time, they provide a high degree of financial accountability.

• Diversity in the PVO community spurs healthy competition and nurtures a broad variety of new approaches to development and technological issues. This results in greater creativity and higher standard of performance.

• Diversity also broadens the nation's "foreign assistance constituency". Although there is inevitable overlapping, each PVO tends to appeal to specific groups of people according to their interests: children, agriculture, Africa, cooperatives, small enterprise development and women, to name a few.

• PVOs have demonstrated ability to respond to drought, famine and refugee crises. This is already recognized by AID and other major bilateral donors, who typically channel emergency assistance through PVOs. They appreciate PVOs readiness to work in remote places and under daunting circumstances.

The US aid program and PVOs have evolved a natural and fruitful partnership. Each needs the other. However, there is need for a more balanced relationship -- and sharing of public funds -- which takes into account PVOs efficiency, professionalism and strong roots in Americans' humanitarian tradition."

Because this PVO platform contains some valuable insights into the PVO nexus, I would request, Mr. Chairman, that the entire 15 pages be included in the record.

2. The special role of women and child survival strategies in the development process

Since the mid-1970s, development policy makers and practitioners have begun to recognize the significant contributions women make towards economic development. Previously, women were viewed as passive recipients of aid, and projects were predominantly conceived as welfare efforts. Today, the importance of women's work and decisionmaking to family survival and to agricultural production, health, education and development at all levels is thoroughly documented and more widely acknowledged.

These changes in assumptions and approaches to women's contribution to production and economic development have been long in coming. This Select Committee has been in the forefront in recognizing the importance of women and seeking to enhance the support for and involvement of women in the development process. Your support for integrating women into the development process throughout AID offices at home and in the field missions must continue. For women are at the core -- are in many respects the lead actors -- in the very process of improving the quality of life of people. They are not, and must not be seen as simply the recipients of aid.

Our InterAction Platform statement, referred to above, suggests three steps that encompass much of what needs to be done:

> 1. "To recognize the realities of poor women's lives in the developing countries is the first step in designing projects that can both reach the women and help them to increase their control over returns from their work. Therefore, all major development programs should encompass the needs of both women and men;

2. Women's organizations at all levels need greater recognition by policy makers;

3. A national mechanism is needed to monitor the efforts of organizations worldwide to ensure that women are included as full and equal partners in all stages of development programming.

The advancement of women in the next decade depends in large measure on how successful these new approaches are in injecting energy and commitment into politics, debate and policy changes at both the national and international levels. In an increasingly interdependent world, nations must be reminded that they hold power in trust for all their citizens, including women. And if the goal of steadier and more equitable development is to be achieved in the world's poor counties, national and international programs must help women to increase their productivity and income to gain a better life for their families, communities and themselves."

Your committee should continue its splendid, pioneering focus on integrating women, as players and not just recipients of aid.

Likewise, the essential program of Child Survival that Representative Tony Hall, and you, Mr. Chairman, have led, must continue as an integral part of the development process, too. For the investment in child survival programs that you have made a significant component of AID programs is an investment in our future. I am pleased to report, therefore, that InterAction, at its recent Board meeting, endorsed the operative portions of the UN Convention on the Rights of the Child that should come before the General Assembly for a vote this fall. We will be working to make this convention more than a sterile document, i.e. working to see that it becomes a living declaration that the rights of children to food, shelter and health, and more than mere survival, protection of children, is an essential component of all aid strategies.

Child Survival is one of the seven platform issues in the InterAction document referred to above.

3. The changing environment in the third world where we do our business

Development does not take place in a vacuum. The effectiveness and impact of PVOs' grassroots oriented development projects -- the impact of our people-to-people approaches -- are profoundly affected by macro-economic policies and the political and economic environment in the countries where we work.

More precisely, the severe impact of the debt crisis; structural adjustment policies of the World Bank, IMF, and multilateral banks; adverse commodity prices in most developing countries and the outflow of capital (often to repay past debt) is hemorrhaging and undermining the very social fabric of third world societies. The impact these factors have on the poor -- the vulnerable groups that are the targets of much of PVO assistance -- is particularly great. One only has to note the riots that erupted in Venezuela, a relatively well off third world country with 29 years of democracy, to recognize the depth of the economic crisis.

What is not adequately recognized, unfortunately, is the impact of these external policies in undermining the effectiveness and sustainability of the numerous small rural development, health, microenterprise and other projects that PVOs may be engaged in.

In a recent opinion piece I wrote for The Christian Science Monitor, of May 3, 1989 entitled: "Foreign Aid at the Crossroads", I said:

> "Moreover, the newly reappointed administrator of the foreign aid program, Ambassador Alan Woods, is now arguing publicly that past development assistance programs have not worked. He contends that the solution is to use foreign aid resources primarily to encourage Third World governments to change policies thought to impede economic activity. Mr. Woods contends that this will help attract investment, create jobs, and stimulate market oriented growth. Supposedly the resulting prosperity is to trickle down and ultimately help the poor.
>
> "Certainly economic policies are critical to sustained national growth. Yet such intervention in economic policy is the specialty of international financial institutions like the International Monetary Fund and World Bank, which use the resources of a large number of donor nations. Assistance from the US should be different. I am convinced that bilateral aid programs are much more likely to result in long-lasting, sustainable growth, if oriented to helping people address the root causes of their poverty.
>
> "The House Foreign Affairs Committee's move to revamp the foreign aid program provides an opportunity to ensure that US policy better achieves a humanitarian focus".

4. US PVOs role in helping to strengthen and support local NGOs

In a provocative paper titled "Strengthening People-to-People Development into the 1990s" that reports on a colloquium of development professionals, including persons from AID, the following paragraph appears:

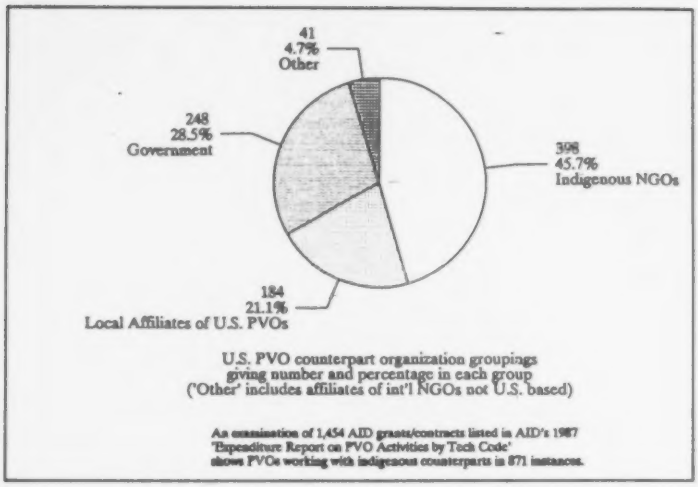
> "People-to-People programs can be seen as having evolved since World War II from "handouts" (relief and welfare) to "handups" (technical assistance, especially small scale locally-reliant development) to "handshakes" (through true partnerships and cooperation between U.S. and local organizations for catalytic and systemic change)."

That sums up well much of what my colleague David Korten has undoubtedly covered in his testimony.

Let me add, however, that InterAction's members are deeply engaged in several important initiatives to put flesh onto what is meant by partnership with our Southern colleague PVOs, or as they are usually referred to, nongovernmental organizations or NGOs. There is growing recognition among the US PVO community that US PVOs should work closely with Southern local NGOs in a more equal partnership mode than we have tended to do in the past. We are realizing that they have the cultural and ethnic knowledge, skills and links to their own people which most Northern PVOs lack. Of course, many US PVOs with their local national staffs have been working closely with these groups, channeling resources through them and helping to strengthen the capacities of local NGOs to carry out their own development programs, for many years.

In the study quoted above is a fascinating pie chart, while "not fully reliable", which indicates types of private organization's activities with indigenous nongovernmental organizations. An examination of 1,454 AID grants/contracts listed in AID's 1987 "Expenditure Report on PVO Activities by Technical Code" shows PVOs working with indigenous counterparts in 871 instances.

This is an impressive statistic. It should be pointed out, however, that in the case of PVOs that do not accept AID grants or contracts, or only limited amounts, there is an even greater philosophical propensity to fund and work with local NGOs. This is true both for PVOs like OXFAM America and for many of the church related groups such as Church World Service and Lutheran World Relief.



U.S. PVO counterpart organization groupings
giving number and percentage in each group
('Other' includes affiliates of int'l NGOs not U.S. based)

An examination of 1,454 AID grants/contracts listed in AID's 1987
'Expenditure Report on PVO Activities by Tech Code'
shows PVOs working with indigenous counterparts in 871 instances.

The need to improve the capacity of US PVOs to work with local affiliates is seen by some in AID and by private organizations according to "Strengthening People-to-People Development in the 1990s". I would, however, go one step further.

What we are witnessing in China today and in Russia, too, is a manifestation of the drive by people to take control of their own development, of their own lives.

The burgeoning number of articulate local NGOs in Asia and Latin America, and increasingly also, now, in Africa, are witness to the need for AID to work closely with US PVOs which can be effective intermediaries to help this strengthening process to occur.

InterAction's members will be continuing through its Development Assistance Committee's North/South Partnership project and its African Partnership program, to explore ways to undertake staff exchanges, case studies of successful partnerships, and to practice the development principles that many of us give lip service to. These include:

> Respect for human rights as an essential component of development, both in the process and as a goal;
>
> Individual and community self-reliance as a primary goal of development;

Inclusion of those most affected in the process of making economic and political decisions. They should be involved in every level of program planning, from initiation through planning, implementation and evaluation;

Local participation as a critical element in development work, affecting both the long-term effectiveness of the programs and the institutionalization of the process;

Development programs must respect the cultural values, integrity and dignity of the people and nations affected;

The development process must be a partnership, not paternalistic and imposed from the top. Projects are most effective when they are generated from the bottom up.

5. The PVO relationship with AID as it has matured

I shall not spend a lot of time reciting the evolution of AID's relationship with the PVOs and vice versa. It is well known by this committee.

According to AID's FY 1989 Congressional Budget Presentation, it allocates $367 million, or 22 percent, of a total development assistance account of $1.7 billion to private sector, people-to-people programs. PVOs have increased their participation in AID projects from $39 million in FY 1973 to this projected level of $367 million in FY 1989. When measured in constant dollars, AID's use of people-to-people channels for delivery of development assistance has grown more than threefold. In the period 1981 to 1986 AID grants to PVOs nearly doubled from $215 million to $424 million.

These figures, while impressive, hide an important fact. Despite substantial growth in government support, private contributions and revenue far exceeded growth in government grants and contracts, though this may be in part due to the unprecedented response of the public during the African famine.

Of more significance than the dollar value of aid, is the nature of the partnership with AID.

Today, PVOs are much more professional than before. They have learned a great deal about the development process. Many AID professionals likewise recognize the skills and development philosophies that PVOs bring to the development process. And yet, there has been a growing tendency in AID to move toward more of a contractual rather than a grant relationship with PVOs.

My colleague at InterAction, Doug Siglin, put it well in testimony he gave recently to the US Senate Committee on Foreign Relations:

> "PVOs are fundamentally different than other development actors. We bring our own resources, our own contacts, our own commitments, our own ideas and our own philosophies to the development assistance table. The relationship which we have developed with AID in the past fifteen years is valuable and productive, but it is incomplete. The world is rapidly changing, our understanding of development processes is improving, but the important relationship between private organizations and AID is moving in the wrong direction. It should not be solely a contractual relationship which encourages diversity, new ideas, experimentation. President Bush's inaugural address phrase about the government cooperating with private agencies, sometimes leading, sometimes being led, is relevant here. In fact, I think it is relevant most everywhere -- it is only common sense."

AID's relationship with US PVOs has moved from institution building grants, (Development Program Grants) to Overseas Program Grants, to so-called program or "umbrella" grants. Its Africa Bureau has been discussing with a number of InterAction members, ways to implement the Development Fund for Africa which, you Mr. Chairman, had a hand in establishing, with the strong support and initiative also of Rep. Howard Wolpe and the Africa Subcommittee of the House Foreign Affairs Committee.

AID has also discussed with PVOs, the cooperatives and universities, ways to use AID funds most creatively to use discounted debt purchases to fund development projects -- the so-called Debt for Development Program that is just getting underway. AID recently issued useful guidelines to enable PVOs and others to use AID funds to purchase discounted debt and convert it into local currencies if used for development purposes. AID's Advisory Committee on Foreign Aid, has also launched some interesting and useful studies of the interaction with PVOs by AID. It has been studying the management effectiveness of PVO programs. All of these are creative and symptomatic examples of the maturing of the partnership with the PVOs. They attest to the

conviction that PVOs are effective vehicles in carrying out AID's objectives.

Nevertheless, my colleagues and I are of the firm opinion that we need to take a much bigger step; that is to elevate the partnership and to involve the PVOs in a process of policy dialogue and operational involvement in the design of AID programming and implementation, to assure that development assistance is designed to alleviate poverty and build self-reliant communities.

6. Why we support a new institutional relationship through a Center for Voluntary Cooperation in Development

President Bush has spoken eloquently of a "thousand points of light" -- individuals and private organizations meeting needs at the community level. He and his stewards of foreign aid need to recognize the application of this metaphor in the foreign aid arena.

Elevating the PVC office of AID and enhancing considerably the role of the Advisory Committee on Foreign Aid, by setting up a Center for Voluntary Cooperation in Development, as proposed in draft legislation in both the House and Senate, is a logical and necessary next step.

If the PVOs and indigenous NGOs are the vehicles for achieving effective grassroots development, then the PVOs need to be a part of the policy and design process, not just the recipients of grants and contracts.

We believe that we PVOs, with years of experience in conducting grassroots development and humanitarian assistance programs, have a lot to offer in the design and implementation of the foreign aid program. We are particularly well equipped to assess, in the design of projects (whether government-to-government or those carried out by PVOs and NGOs) that they will involve the full participation of those to be benefitted. In short, PVOs would bring to the table their comparative advantage.

We believe that AID professional staff sitting with leaders of professionally managed PVOs could do a better job than heretofore to assure that the design of AID projects takes these "bottom-up" impact on the poor, and environmental concerns into consideration.

The environment, population and development communities have not always worked closely together, but if

the Center were established with effective leaders from all three groupings, it could go far to improve the design and implementation of many of AID's development assistance programs.

Another great advantage of the Center could be to improve the image and understanding of foreign aid by the general public. For, in the words of my colleague, Kenneth Phillips, President of Foster Parents Plan, who testified on behalf of InterAction before the Committee on Foreign Affairs on February 28, 1989:

> "the American people, corporations and foundations who support and sustain America's PVOs want the US government's assistance to reflect their own values. They want the United States to be involved in providing opportunity to all sectors of society. They want direct action for the alleviation of the worst cases of poverty, and they want effective, sustainable solutions to the problems of malnourishment, disease, and illiteracy. They are not willing to see all aid go into promoting macroeconomic growth and trickle-down development which never trickles down."

A Center for Voluntary Cooperation in Development would go a long way to assuring, especially with the oversight proposed by Congress and the active involvement of PVO leaders, the right kinds of aid. It would increase the constituency in support of the right kinds of foreign aid.

There is a need to inform the American public on our aid objectives and accomplishments. AID has tentatively supported a number of so-called Biden-Pell grants. The Center could, and should, enlarge and improve on this already creative initiative, now administered by AID's PVC office. I am concerned that support for this effective, if underfunded program will weaken unless Congress intervenes.

Again in the words of my colleague, Kenneth Phillips, in his recent testimony to the House Foreign Affairs Committee:

> "Most of us have read with great concern last week's report from the AID Administrator which focuses almost exclusively on our past inability to promote macroeconomic growth in the developing countries. Are these activities now destined to fall by the wayside as patience with long-term development grows thin, as the lessons of experience are forgotten, and as once again US foreign assistance becomes primarily targeted to promoting macroeconomic growth and trickle-down

development? Or will the Congress find a way to assure a permanent commitment to these critical activities through appropriate statutory language, firm oversight, and systematic program evaluation?"

Forming a public/private partnership to enhance and advance US foreign assistance efforts fits hand-in-glove into President Bush's vision of "a thousand points of light".

Establishing a Center for Voluntary Cooperation within AID with dual oversight, that keeps Congress in the process, would, I believe, result in a strengthened and much more effective foreign aid effort that we could look back on several years hence and say we did it right.

For, after almost 30 years working in Asia, Latin America, the Caribbean and Africa, I am personally convinced, and believe my colleagues in InterAction are, too, that we should, we must, recognize the comparative advantage of people-to-people approaches and not perpetuate the mistakes of the past.

In conclusion, Mr. Chairman, I am convinced that bilateral aid programs are much more likely to result in long-lasting, sustainable growth, if oriented to helping people (i.e. empowering people to address the root causes of their poverty), with dignity. Isn't that what development is all about?

InterAction Members

Accion International/AITEC
Adventist Development and Relief Agency International (ADRA)
African Food and Peace Foundation
African Medical and Research Foundation (AMREF)
Africare
Aga Khan Foundation U.S.A.
Air Serv International
America's Development Foundation
American Council for Nationalities Service
American Friends Service Committee
American Fund for Czechoslovak Refugees
The American Jewish Joint Distribution Committee, Inc.
American Jewish World Service
American Near East Refugee Aid (ANERA)
American ORT Federation
American Red Cross/International Services
American Refugee Committee
Americares Foundation
Armenian Assembly of America
Baptist World Alliance
The Breakthrough Foundation
Brother's Brother Foundation
CARE
Center for International Development and Environment
Centre for Development and Population Activities
Childhope Foundation
Children International
Children's Survival Fund
Christian Children's Fund
Church World Service
CODEL, Inc.
Concern America
Council for International Development
Daytop Village Foundation
Direct Relief International
The End Hunger Network
Episcopal Migration Ministries, The Episcopal Church Center
Eritrean Relief Committee
Experiment in International Living
Food for the Hungry, Inc.
Foster Parents Plan
Foundation for International Community Assistance (FINCA)
Foundation for the Peoples of the South Pacific
Freedom from Hunger Foundation
Global Water
Goodwill Industries of America
Grassroots International
HADASSAH
Heifer Project International
Helen Keller International
Hermandad
HIAS
The Hunger Project
Institute for Development Research
Institute of Cultural Affairs
Interchurch Medical Assistance, Inc.
International Catholic Migration Commission
International Center for Research on Women

International Eye Foundation
International Institute of Rural Reconstruction
International Medical Service for Health
International Rescue Committee
International Social Service/American Branch
International Voluntary Services
The Katalysis Foundation
Laubach Literacy International
Lutheran Immigration and Refugee Service
Lutheran World Relief
Mennonite Central Committee
Mennonite Economic Development Associates
Mercy Corps International
Migration and Refugee Services, United States Catholic Conference
National Council of Negro Women
National Council of Returned Peace Corps Volunteers
Near East Foundation
North American Conference on Ethiopian Jewry
OEF International
Operation California
Operation Crossroads Africa, Inc.
Opportunities Industrialization Centers International
Opportunity International
Overseas Development Council
Oxfam-America, Inc.
PACT
Partners of the Americas
The Pathfinder Fund
Pax World Foundation
Planned Parenthood of NY City
Planning Assistance
Polish American Immigration and Relief Committee
Population Communication
The Presiding Bishop's Fund for World Relief (The Episcopal Church)
Project Concern International
Refugees International
Rodale International
St. Mary's Food Bank
Salvation Army World Service Office
Save the Children
Service and Development Agency of the African Methodist Episcopal Church
Surgical Aid to Children of the World (SACOW)
Technoserve
Tolstoy Foundation
Trickle Up Program
Unitarian Universalist Service Committee
United Israel Appeal
U. S. Committee for UNICEF
Winrock International Institute for Agricultural Development
World Concern
World Education
World Neighbors
World Relief Corporation
World Vision
Young Men's Christian Association of the United States
Young Women's Christian Association of the U. S. A.

Additional Questions for Peter Davies

Submitted by Hon. Mickey-Leland

Question: How successful have US PVOs been in shifting their emphasis from short-term emergency relief projects to long-term development projects? What is A.I.D. doing to assist this?

Answer: Many US PVOs have shifted their emphasis successfully throughout the 1970's and 1980's and are today more fully engaged in development programs that attempt to attack the root causes of poverty. However, as is clear from the experience during the Ethiopian/African drought, many of these same PVOs have continued to provide emergency relief when it is necessary and appropriate to do so to save lives. Some larger organizations such as CARE, Save the Children, World Vision, Lutheran World Relief, among others, continue to provide both development assistance and emergency relief. Other new PVOs have been formed with specific long-term development expertise. These organizations, however, are reluctant to become involved in relief operations which will interfere with their ongoing development activities.

However, one cannot look at the issue from an either or perspective. It is important to build in some development elements in relief programs so that one can move forward to attack the underlying causes that often make areas more prone to disasters. Witness the floods in Bangladesh, the deforestation of the Himalayas has been a major cause of the severity of the flooding. And there are many other examples.

A.I.D. is doing a lot to assist PVOs in responding to emergencies through the Office of Disaster Assistance, but I am pleased to say that A.I.D. is also providing considerably more assistance for development through the matching grant programs, the operational program grants and other mechanisms. Both the PVOs and A.I.D. recognize that longer-term development programs are essential in most third-world countries if we are to attempt to reduce the number and severity of natural disasters. However, it is an uphill battle and we are seeing more and more emergencies that are more severe because of the environmental deterioration, overpopulation and lack of adequate local resources to cope with the disasters.

I firmly believe we must continue to place our major emphasis on development as the only way to overcome the deeply rooted causes of poverty, malnutrition, poor health, absence of adequate potable water, lack of family planning information and services, destructive environmental practices, etc.

Question: How do A.I.D. funding mechanisms interfere with the ability of the PVOs to assure continuity in programs funded whether through A.I.D. contracting procedures or PVO grant programs?

Answer: The principal problem for PVOs is that development is not a one or two year process. It is a multiyear process and yet the funding by A.I.D. is seldom multi-year. The budget process under which A.I.D operates makes it difficult for it to provide assurances that funds will be available to carry programs on to their completion. There has been a trend to longer-term funding. I hope this will continue.

Also, often the length of time it takes to negotiate a grant means that the PVO, which is usually in a tight cash flow situation, must spend its own donor funds while it works through the process.

I believe much progress has already been made to improve the contracting and grantmaking process. There is, however, a tendency to negotiate what are called cooperative agreements rather than grants. Under these arrangements, A.I.D. has more stringent requirements. They are more akin to contracts than outright grants. I believe that the more experienced, professional and mature PVOs could receive partnership grants that are more flexible in the way they are administered.

Question: What are your views on establishing an independent private foundation -- along the lines of the InterAmerican Foundation or the African Development Foundation -- that would be supported by the federal government and serve as a source of financing for the PVOs?

Answer: There has been much prior discussion among the PVOs of the desirability of such a foundaiton approach. In the best of all possible worlds, certainly such a foundation could make a substantial contribution to the effectiveness of PVOs to maximize their impact.

We believe that in the current political climate and tight financial constraints, it may be better to propose an intermediate course -- the Center for Voluntary Cooperation in Development.

I am concerned that establishing a foundation to fund PVOs, like the IAF and ADF, could tend to divorce the PVOs from the rest of the A.I.D. program rather than achieving the kind of integration and influence on policy and on program design that I have outlined in my testimony.

However, for the record, there is not unanimity among the members of InterAction on this issue and I believe that we should look carefully at the advantages and disadvantages. We have achieved a level of constructive cooperation with the regional bureaus and with the Office of Private and Voluntary Cooperation, as well as with the field missions, and I believe that establishing a separate foundation would inevitably take time, require a long period to get off the ground, and could interfere with building the synergistic relationship that we would like to see with A.I.D.,

The study by the Hellinger's: Aid for Just Development, provides some good arguments for establishing a foundation. The concerns expressed above are based on a pragmatic assessment of the current financial and political climate and are not to suggest a philosophical difference. The InterAmerican Foundation and African Development Foundation models are sound ones and we should continue to consider whether they provide an effective model for US PVOs.

THE DEVELOPMENT GROUP FOR ALTERNATIVE POLICIES, INC.
The Development GAP
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Telephone: (202) 898-1566

19 May 1989

The Hon. Mickey Leland, Chair
Select Committee on Hunger
U.S. House of Representatives
Washington, DC 20515

Dear Rep. Leland:

We understand that you will soon be holding hearings on the relationship between U.S. private voluntary organizations (PVOs) and USAID within the context of a revamping of U.S. foreign aid legislation. We think that this review is very timely and, along with other non-governmental organizations, appreciate your interest in this subject.

Our organization recently undertook our own review of this issue and published our conclusions and recommendations as a chapter in our book, Aid for Just Development: Report on the Future of Foreign Assistance (1988). We enclose a copy of the chapter for your information and review. Hopefully the Subcommittee will see fit to enter it in the hearing record along with the testimony you will be receiving next week.

We wish you well with your review and stand ready to assist your staff in any area in which we can be helpful.

Sincerely,

Douglas Hellinger

Douglas Hellinger
Co-Director

enclosure

AID FOR JUST DEVELOPMENT

Report on the Future of Foreign Assistance

Stephen Hellinger
Douglas Hellinger
Fred M. O'Regan

THE DEVELOPMENT GROUP FOR ALTERNATIVE POLICIES

LYNNE RIENNER PUBLISHERS • BOULDER & LONDON

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SIX

Enhancement of the PVO Role

Private and voluntary organizations (PVOs) in the United States, like their non-governmental counterparts in Europe and Canada and the U.S. regional development foundations, have an important role to play in building bases for social change in the Third World. They are also well placed, as a result of their work at the grassroots level overseas, to inform the U.S. public, program officials, and policy-makers of the realities of life at that level and the impact, positive and negative, of official assistance programs. Hence, they are potentially important actors in a development assistance program designed to serve the interests of the poor rather than those of the more privileged sectors of society in both the United States and the Third World.

THE PVO RECORD

Over the past decade, Northern voluntary organizations have played an increasingly important role in the development assistance process. In 1984, some 2,200 Northern NGOs utilized approximately $4 billion in assisting an estimated 100 million people in the Third World. This represents more than a threefold increase in expenditures since the mid-1970s. The NGO resource contribution to the total assistance effort now surpasses 10 percent of the combined annual bilateral and multilateral foreign aid budgets of the

OECD countries and nearly 20 percent of that total when the services contributed by voluntary agencies are included (van der Heijden, *Development Impact*, pp. 1–4; Smith, "U.S. and Canadian PVOs," p. 115).

Of equal note is the fact that governments and official multilateral sources have increased their support to the voluntary agencies tenfold over the same period. These contributions, which today constitute about one-third of NGO budgets on average, account for 4 to 5 percent of total Official Development Assistance (van der Heijden, p. 2). There are many reasons for this increase in official interest in the non-governmental sector. Failures in the development process across the Third World and on the part of donors to get a handle on the problem of poverty, as well as the need of the latter for an aid constituency in the North, certainly explain much of the interest. On the positive side, there has been a recognition that voluntary agencies can reach and assist poor populations more effectively and efficiently than can the larger, more bureaucratic aid institutions.

Able to work directly at the community level, which the larger assistance agencies can reach only indirectly, these organizations are in a position to ascertain local needs and priorities, base programs on local input, transfer technical know-how appropriate to a given setting, and organize or strengthen local institutions. At their best they are responsive, familiar with local populations, supportive of the truly poor, builders of self-reliance, flexible and innovative, participatory throughout the project cycle, and as interested in the long-term process of change as in immediate impact.

In reality, the PVO record is uneven. While an official Finnish evaluation, for example, concluded that aid channeled to and through NGOs generally reaches those in need (van der Heijden, p. 14), a look at U.S. PVO projects indicates that many do not include or benefit the poorest 40 percent of the population (Tendler, *Turning Private Voluntary Organizations*, p. iv). Other reviews reveal that the efforts of numerous organizations are not participatory (particularly in the identification and planning processes), do not sufficiently help organize and mobilize communities, are not innovative, and may unintentionally favor relatively well-to-do people by further skewing income distribution in project areas. On the other hand, administrative and managerial expenses are generally kept low, and the misuse of funds by recipient groups appears to be rare (van der Heijden, pp. 15–17; Smith, pp. 149–151). A detailed breakdown by NGO type and country of origin would make

such assessments more meaningful.

THE U.S. PVO COMMUNITY

Within the U.S. PVO community, there are many differences in style and objectives, as well as in performance. Aid analyst, Brian Smith, in his examination of North American NGOs, categorizes U.S. organizations as traditional disaster-aid agencies, technical-assistance PVOs, and institution and network builders. Several of the larger and older PVOs fall into the first category, as they address the effects of poverty with traditional tools, such as food aid; some of these, however, have been moving into other forms of development cooperation as well. A second group encompasses a new generation of smaller, mainly secular PVOs that emerged during the 1960s and 1970s and focus almost exclusively on the transfer of technical resources and skills. The third category incorporates those that build and strengthen private development institutions, as well as community organizations and networks, while responding to the needs and projects of the poor as the poor themselves define them (Smith, pp. 117, 133).

While this shift in emphasis from relief to development has taken place among PVOs in the United States since the post-war period, in important respects the style and attitudes of these organizations have not changed significantly. Only the third group of PVOs has come to view development as an essentially indigenous process of self-definition. A number of church development agencies and a few secular PVOs have maintained a consistent record of support for locally organized initiatives. A measure of support for community development and for individual capacity building is provided by members of the other two categories, but, by and large, their approach remains one of defining the local problem and solution (e.g., food aid, small-business assistance) and then involving the institution intimately in program operations.

Through the 1980s, many U.S. PVOs have continued to operate their own programs in the Third World, even in areas where considerable development capacity exists. In this respect, they differ fundamentally from most of their European counterparts. Increased U.S. government funding of their projects has further stiffened resistance to a change in this posture, as many U.S. groups rely upon these projects to generate the overhead needed to support their institutional expansion. Some have, indeed, played an important role

in building indigenous non-governmental organizations, while others have responded to the demands of people locally to run their own show. But, if not as directive as they once were, there is still a tendency on the part of many in the PVO community to control the development decisionmaking process and to identify projects and needs in the sectors and in the areas in which they have expertise.

Whether these activities and needs are, in fact, the priorities of local populations, and whether the truly poor are actually benefiting from the application of their assistance, often appear to be of secondary concern to a lot of U.S. PVOS. Judith Tendler notes that many of them do not differentiate very well among the residents of poor communities, practicing as a result their own version of trickle-down development at the local level (Tendler, *Turning Private Voluntary Organizations*, p. vii). Another aid analyst, Warren van Wicklin, relates a similar view from his recent research in Central America, where he found projects of a number of U.S. PVOs, their rhetoric notwithstanding, to be controlled by local elites. When project decisionmaking is driven largely by financial concerns, there is little time or inclination for proper analysis within poor communities. Projects become too large and poorly designed, and partnerships with local organizations can become strained.

Smith reflects upon the growing uneasiness among Third World NGOs about what they see as a lack of true collaboration with North American counterparts who speak of partnership but continue to make all the key decisions themselves. He quotes Tim Brodhead of the North–South Institute in Canada, who, as former director of Inter-Pares, the Canadian Council for International Cooperation, and EuroAction-ACORD, brings an historical and in-depth perspective to this evolving issue:

> I believe NGOs in the North Atlantic region are in the twilight of their historical era. They began in the post–World War II era to bring money and resources overseas, and they encountered little resistance or critical challenge in foreign countries. Now, however, the Third World is coming of age. They have their own NGOs—and these nonprofit organizations are especially well developed in Latin America. They want to be treated as more equal partners . . . (Smith, p. 48).

On all three continents of the South, NGOs have been articulating the outlines of such partnerships. Their challenge to the North is that it relinquish control of the development process and

support locally defined processes of change. This may well mean the shifting of Northern NGO resources from atomized projects to longer-term institution building, networking, analysis, and coordinated social action. In some quarters an improved flow of information between North and South is seen as necessary for relevant local NGO development programming. Northern NGOs that can respond positively to these priorities and that are willing to take risks to help achieve common goals based on common values will be considered true partners. Brodhead, as well as many people in the Third World, believe that such partnerships must include the assumption of greater responsibility by PVOs for changing public attitudes and the policies of governments and corporations in their own countries. These themes will be discussed later in this chapter.

Meanwhile, Southern NGOs are putting increasing emphasis on South–South NGO cooperation, both within a given region and across the Third World. Visits by staff, exchanges of personnel, and the transfer of technical expertise within the South are becoming Third World priorities. The flow of information among these organizations must also be facilitated. Those Northern organizations that support these and other efforts to build links within the South will be making a major contribution to their Southern partners.

PROBLEMS IN THE AID–PVO RELATIONSHIP

As has been implied, it has been the availability of large amounts of public monies, the mechanisms and means through which they must be accessed, and the dependencies that they create that have been at the root of an evolving problem. The provision of Operational Program Grants, Development Program Grants, Matching Grants, and other public funds in the 1970s not only made many U.S. PVOs increasingly reliant on AID, but also tended to cut some off from their natural and original constituencies and broad-based support in the United States and made many of them less responsive and less accountable to the poor.

The erosion of PVO independence in the 1980s has been the inevitable result of the significant expansion of PVO relationships with AID during the 1970s and the subsequent rapid growth in PVO budgets, staff, and operations. In recent years this independence has been further compromised as a result of decisions by PVOs to package projects specifically for AID. (GAO, *AID and Voluntary Agencies*, p. 43). AID's interest in having PVOs carry out programs

on its behalf also increased, particularly in countries in which the Agency had no missions or in some way felt limited in its actions. AID began to see U.S. PVOs as natural agents or extensions of its own programming rather than as independent institutions.

The U.S. Congress has recognized this threat to PVO independence. As part of Section 123, added to the Foreign Assistance Act in 1978, Congress stressed the importance of PVOs and cooperatives and warned against their compromising their "private and ndependent nature." Three years later, the Senate, in committee eport language, noted the tendency of AID to view PVOs ". . . purely and simply as extensions of AID itself, not as development agencies with their own distinctive traditions, relationships, and styles" (GAO, *AID and Voluntary Agencies,* p.3). In its 1982 report on the AID–PVO relationship, the General Accounting Office observed that "[f]inancial dependency has led some PVOs to focus on what AID wants rather than independently identifying and responding to needs through their own networks" (GAO, *AID and Voluntary Agencies,* p.iii).

In short, by the early 1980s there was a very real fear and danger that PVOs would identify and address local development problems with a declining reliance on input from Third World NGOs and community groups. The pressure to do so has increased in the ensuing years. The AID Policy Paper on PVOs published in 1982 makes clear that all AID-financed programs must address the priorities of Third World governments, priorities which in many cases are, in fact, developed in conjunction with multilateral aid institutions and bilateral donors, including AID. Hence, in order to maintain access to AID funding, PVOs increasingly have to design projects that are consistent with the AID development model rather than objectively assess needs and realities (Schmidt, et al., *Religious Private Voluntary Organizations*).

Few PVOs protested, at least publicly, when AID officials made it clear at a meeting in the spring of 1981 that, in return for its funds, it expected political support for its budget in Congress and a responsiveness to its needs as they arose in particular countries. Today it is not uncommon for AID to request that PVOs include a specific component in their project proposals (for example, in an area to which Congress has given priority) in order to ensure funding, even if the organization has had no previous experience in that field. The fact of government intervention was confirmed by twenty of the twenty-four PVO representatives interviewed by Brian Smith for his study; they indicated that the freedom of action of their

organizations was impaired as a result of their acceptance of government support. Thirteen of the twenty said that AID had pressured them on decisions regarding specific projects, and several believed that political objectives of the State Department were the cause of this pressure (Smith, p. 138).

Increasing government influence upon the operations of some PVOs is not the only problem created by dependencies on public resources. AID's overfunding of a number of groups has taxed their management capabilities, changed their institutional style, and made them more bureaucratic and unresponsive to the expressed needs of the poor overseas. According to a study prepared by the Center of Concern in 1981:

> Their energies are channeled into home office improvement—the acquisition of larger, more comfortable office space, more sophisticated management procedures, and the further accumulation of money. As these PVOs become more like AID in size and structure, they acquire the characteristics of professionalism—high salaries, high overhead, and complicated technical projects that may not be applicable in the field. They lose the "voluntary" flavor and simple life style that made their work on the grassroots level so effective—and sought after by AID. The PVOs begin to design proposals for projects that will absorb money . . .

In the process, the study concludes, PVOs often have "lost touch with Third World realities" (Schmidt et al., pp. 68–69).

Such an institutional style tends to breed a change in staff perspectives and has often yielded shifts to new leadership that has little understanding of these realities. According to Smith, there is great danger in the ". . . almost unperceived attitude of deference for and even anticipation of, government wishes that has seeped into the mentality of some PVO executives and staffs, especially in the United States" (Smith, p. 157). These leaders talk of the need to pursue AID money in order to survive, but institutional survival takes on a rather odd meaning when it includes the need to protect high salaries and to maintain what have become worldwide operations. Risk taking is the essence of change and development among the poor, whether it takes the form of organizing for social advancement or experimenting with new technologies, and it also is a critical element in the extension of Northern assistance to such endeavors. High salaries, prestige positions, and fancy accommodations discourage risk taking. Slowly but surely institutional

integrity and responsiveness erode and the steady process of increasing compromise unfolds.

The Development GAP's close association with PVOs over the years—through assessments of their work overseas, collaboration on projects, and the chairing of two PVO consortia committees—has brought it in contact with many dedicated professionals and institutions. It has also made it possible to witness the growing problems in some segments of the community. In 1982, The Development GAP made some of its concerns known to a congressional subcommittee that was exploring the issue of the role and financing of voluntary agencies:

> The expanded availability of AID money to U.S. PVOs in recent years has contributed significant changes in much of the PVO community. Many of these organizations have drawn on various AID funds, enabling them to grow rapidly, both in terms of the number of programs they have overseas and the size of program and support staffs. Similarly, many PVOs seek to move into new projects or new countries, not necessarily in response to the priorities of local communities, but rather out of their own institutional needs to have projects to carry out and to utilize the particular expertise they have developed. We need to know if the genesis of a project to be funded is legitimate, if the poor who will be affected see the approach taken as being consistent with their own goals and lifestyles, and if the intended beneficiaries are themselves to control the project. PVOs can get down to this level to determine these matters. If they do not, they are giving up one of their major advantages over the larger, more distant aid agencies.
>
> [T]o the extent that an expanded role for U.S. PVOs in our bilateral aid program is supported without careful consideration of the conditions of that involvement, a great disservice will be rendered to the PVO community both here and in the developing world. At this stage of our changing relationship with the peoples of the Third World, we do not need the further politicization of our aid program nor the propagation of more programs that are imposed from above or designed in accordance with the objectives of outsiders. Our goal must be to help develop, strengthen, and assist non-governmental organizations overseas that represent or respond to the needs of the poor, who often are neglected or manipulated by public-sector entities. By agreeing to help carry out AID, World Bank, and foreign government programs as a condition of major funding, U.S. PVOs would be trading off independence of action for their own financial growth and

> stability. In the long term, this would be in nobody's best interest (D. Hellinger, testimony before the House [Appropriations] Subcommittee on Foreign Operations, 13 May 1981).

The Center of Concern summarized the principal problems in the PVO community in its 1981 study. It listed five major criticisms of U.S. PVOs:

- Many will work in any country, no matter the conditions, transferring a ready-made technical project
- PVOs go where the money is, leading to bad projects and often a negative impact on local populations
- Few ask if the project was initiated by the recipient community;
- There is a growing lack of accountability to taxpayers, Northern constituents, and the Third World poor
- PVOs are not challenging one another or self-criticizing (Schmidt et al.)

The Center's first criticism relates to a phenomenon found far more commonly in the United States than in other Northern countries. While there are numerous examples of U.S. PVOs, particularly in the church community, that seek, as their primary institutional goals, to support the emergence and expansion of indigenous organizations and to respond to the self-determined priorities of beneficiary groups, there are a steadily growing number of PVOs that concentrate their efforts in sectoral areas that are the conceptual creations of the aid community. "Functionally specific organizations," says Jorgen Lissner in his 1977 book on voluntary agencies, "are so absorbed by their particular objectives that they lose sight of the wider social context in which they exist; by singling out one particular set of problems for treatment, they promote an unfortunate compartmentalization of reality." According to Lissner, they ". . . offer 'one-dimensional' cures for highly complex ills . . ." (Lissner, *The Politics of Altruism*, p. 284).

This lack of commitment to the local definition of problems and solutions on the part of a broad segment of the U.S. PVO community represents a significant obstacle to the establishment of a truly effective development aid program. PVOs are not only best placed among all U.S. assistance organizations to build local development support institutions where there are none in the Third World and to provide appropriate technical assistance where requested, but they

are also in a position to transmit their grassroots knowledge about the development and aid processes in the countries in which they work to other assistance agencies and the general public in the North. In order to have the major impact on the development process that many PVOs say they are seeking, these institutions need to strengthen local organizational structures overseas, educate the large donors about alternative aid channels, and advise program officers, policymakers, and the U.S. public about the effectiveness or counterproductiveness of the programs and policies supported by these donors.

Without fundamental changes in the U.S. foreign assistance structure, in the manner in which PVOs are supported, and in the criteria upon which that support is provided, there is little chance that this responsibility will be taken on by many groups. Commenting on the growing threat to the autonomy of many Northern NGOs, Jan Pronk, then deputy secretary general of UNCTAD and former head of the Dutch bilateral aid program, declared at a UN/NGO conference in December 1982 that

> the corruption of NGOs will be the political game in the years ahead—and it is already being played today. . . . NGOs have created a huge bureaucracy, employment is at stake, and contacts in developing countries are at stake. It will become impossible for them to criticize governments for decreasing the quality of the overall aid programme. NGOs will lose in the years ahead . . . they will be corrupted in the process, because they will receive enough money for their own projects but the rest of the aid programme will suffer (Pronk, "Opening Address").

Efforts to deal with these problems have been consistently insufficient. The 20 percent rule, for example, which dictates that PVOs must receive at least one-fifth of their funds from non-U.S. government sources, is a step in the right direction, but it does not go nearly far enough. Not only can AID exempt from the calculations those contributions it makes to PVOs for activities that it has initiated for its own purposes, but it is quite clear that it is difficult for any organization to follow an independent path when considerably more than half of its budget is financed from one source. This is particularly so when that source is a U.S. government agency linked to the State Department.

CHARTING A NEW COURSE

Despite these shortcomings in the U.S. PVO community, some U.S. PVO and other Northern voluntary agencies can take pride in the contribution they have made to the growth of the non-governmental sector throughout the Third World. These organizations work with 10,000 to 20,000 Southern NGOs and, in good part through them, assist some 60 million people in Asia, 25 million in Latin America, and 12 million in Africa (van der Heijden, p. 2). Some observers have noted the significant impact Northern NGOs are beginning to have in such countries as Burkina Faso and Bangladesh, where collectively they are important donors in quantitative terms. Economist Albert Hirschman, who visited projects supported in Latin America by the Inter-American Foundation and PVOs, was struck by the existence of "an impressive, loosely integrated network of national and international (voluntary) organizations which, at the level of any single Latin American country, performs important functions of education, public health, housing improvement, agricultural extension, development promotion of handicraft and small business . . ." (Hirschman, *Getting Ahead Collectively*, pp. 92–93).

Still, many PVOs are seeking ways to "scale up" their activities and/or in other ways to have a broader impact overseas. Some point to the need for PVOs to become more professional—to improve their project planning, lessen their concentration on discrete projects, work more in consortia as a way of providing more comprehensive services, improve dissemination of their learning and replicability of their projects, and, of course, strengthen local NGOs—in order to have a "macro-impact" (van der Heijden, pp. 10–16). Many of these agencies, in working in partnership with Third World counterparts, have never seen grassroots projects as ends in and of themselves. Rather, they have viewed and utilized them as a means of supporting the development of community awareness, cohesiveness, organizations, capacity, and dynamism to stimulate self-sustaining change. Relatively recently, a number have begun to tackle the problem of "projectitis" by establishing long-term funding relationships with local institutions, in which the latter have greater freedom to support various activities within a broader program after a mutual confidence has been established.

In more cases than not, however, the development situation on the ground is exacerbated by government policies and donor-supported programs that overwhelm and often destroy the positive

effects of local initiatives. In a number of Third World countries, national and local governments are (perhaps imperfectly and with some difficulty) trying to respond to the aspirations of all their people or are at least open to constructive input. In the vast majority of cases, however, governments and the less privileged of their citizens are at odds with each other, the former being under the control of local elites and/or the influence of foreign interests. The larger assistance agencies become part of the problem when they ally themselves with these latter two groups.

In an effort to make a greater difference in the development equation, U.S. PVOs relate to these circumstances and sets of relationships in two very different ways. There are many that have chosen to coordinate further their activities with the programs of these governments and donors, not just in isolated instances, but as a matter of policy in order to raise their involvement to a different level in these countries. It is disturbing that so many in the PVO community have been calling for such arrangements without sufficient analysis of the terms of the relationships or their repercussions. Hendrick van der Heijden, in an otherwise thoughtful piece on NGOs, calls for "enhancing complementarity with recipient government programmes" and closer collaboration among the parties, as "[t]his will help in enlarging the macro impact of NGO operations, and lead towards an overall increase in the effectiveness of development assistance" (van der Heijden, pp. 13, 20).

Such thinking, which is unfortunately becoming more prevalent in this country, is dangerous for the independence and long-term survival of NGO operations. As others in the community contend, what is in question is not whether one relates to government and donor agencies—that in many instances is now almost unavoidable for PVOs and partner organizations—but, rather, the terms and the forms of the relationships that are established. Coordination with government-controlled and -defined programs, in which PVOs can make only marginal modifications (generally limited to technical areas), will usually result in the further entrenchment of the status quo. Government adoption and expansion of PVO programs without the integral involvement of local groups in policy setting and control will have a similar result. There are unfortunately numerous instances of such an outcome.

A good example of the limitations and dangers of this type of coordination can be found in an AID evaluation of a rural road-building scheme in Sierra Leone. A large U.S. PVO received an AID

grant to participate in the program along with that nation's government, the World Bank, and two other external agencies. The impact of the PVO's specific contribution, which included the involvement of villagers in road construction and maintenance, was seen to be positive: improved educational and health facilities, greater access to agricultural inputs and markets, and less political siting of the road projects. On the other hand, the new roads ". . . encouraged a major shift from rice production for consumption within Sierra Leone to the production of cocoa, oil palm, peanuts, and livestock for export. Villages served by [the] roads experienced more severe rice shortages than did other villages" (Minear, "Reflections," p. 26).

A positive reference by van der Heijden to a government of Togo NGO support/liaison unit is particularly instructive. Although on the surface an apparently constructive mechanism to provide NGOs working in rural areas with support from technical ministries (van der Heijden, p. 20), this unit in fact posed a real threat to the independence of in-country NGO activities. And when the World Bank moved to establish an NGO coordinating body to facilitate an experimental program of donor financing in Togo, the government attempted to seize on the opportunity to control *all* external funding directed to NGOs in the country.

The alternative approach, pursued by many of the more responsive voluntary agencies in Europe, Canada, and the United States, has been to help local organizations leverage changes in their countries related to the programs, policies, and issues that affect their constituencies. This is usually reflected in support for the related long-term processes of institution building and empowerment. Leverage could be gained in the shorter term, however, were the larger assistance agencies, through their support and direct involvement, to legitimize the role of these local organizations in development planning. The misguided programs and policies of governments and large donors can no longer be left unaddressed by NGOs. The latter cannot afford to confine their attention to grassroots projects while the bilateral lenders and the multilateral development banks (MDBs) infuse their values, interests, and perspectives—uninformed by grassroots knowledge—into policy and program planning with government.

It is more realistic to expect that U.S. PVOs would have greater success and would expose their local counterparts to less risk if the immediate targets of their interventions were AID and those MDBs receiving U.S. government support rather than Third World governments. In most cases, this approach will be effective, as these

external agencies are currently using their influence upon government programming, selection of implementing institutions, and policy formulation to shape many Third World economies. A reversal of roles is long overdue. PVOs have a responsibility to direct these aid institutions, as the latter seek more effective implementors of development projects and more relevant input for policy formulation, to indigenous organizations representing the interests of marginalized peoples. A joint PVO–AID initiative could do much to facilitate a measure of popular participation in national and local-level planning.

This is not to say that local-level and national governments overseas cannot be lobbied directly by international and local NGOs to make important changes in programming and policies. In a recent paper, Thomas Dichter, a PVO project analyst, contends that, with a professional approach and hard data, U.S. PVOs can successfully engage in policy dialogue with government. He demonstrates through case studies that it is clearly preferable and more effective that PVOs work in partnership with local organizations to develop the information and contacts required for a successful lobbying effort (Dichter, *Demystifying 'Policy Dialogue'*, pp. 5–7).

While the cases cited by Dichter relate to fairly narrow, though important, changes in import, tax, and agricultural policy, PVOs must also stand ready to support their counterparts when the latter find it necessary to address the critical structural issues that constrain the advancement of their constituencies. PVOs have the responsibility, particularly now that policy dialogue is in fashion, to promote the viewpoints and interests that emerge from the local level rather than only those that are consistent with U.S. official policy or those limited primarily to their own institutional concerns. The risks PVOs must take in this regard in relationship to AID and future funding are no greater than those being assumed by project beneficiaries every day.

U.S. PVOs can play an important role in constructing the mechanisms discussed in Chapters 4 and 7 that would link AID and other agencies to effective and representative NGOs in the Third World. The efforts they have contributed to date to the maturation process of these local organizations will have greater significance if they can steer donor support away from unresponsive and ineffective agencies and, with considerable care and sensitivity, toward these more participatory and, hence, more relevant institutions. Similar mechanisms can be used for channeling local perspectives in a systematic fashion into donor programming and

policy formulation decisions. In this regard, a prominent feature of legislation on development assistance to Africa that was passed by the House of Representatives in late 1987 is the requirement that AID set up such a mechanism with the help of PVOs, the African Development Foundation, and other intermediaries in every country in which AID funds on that continent.

The proposition in the AID 1982 Policy Paper on private and voluntary organizations (*A.I.D. Partnership,* p. 3) that U.S. PVOs participate in and contribute to AID's country programming process (through their involvement in the preparation of the Country Development Strategy Statements) has both great potential and real limitations. The emphasis in the plan is misplaced in two respects. First, while U.S. groups should, indeed, be involved in making their views known, their primary responsibility is to involve their Third World counterparts in the process to the maximum extent practicable. Second, while AID feels that it will profit from PVO advice, it unfortunately places greater emphasis on the advantages to be gained by PVOs from learning of the principal programming parameters in the country in which they are located and adjusting their use of AID funds accordingly. AID was also concerned at first that some PVOs would refuse to participate for fear of a loss of their own credibility, while another potential problem, noted by the GAO, was that of sectorally specific organizations distorting the assessment of local needs in the pursuit of self-interest (GAO, *AID and Voluntary Agencies,* p. 28). In the end, AID missions have not made these links a priority, and there have been, according to AID, only a few reported incidents of participation on the part of PVOs. The enactment and enforcement of legislation is clearly required in order to move AID to draw on the knowledge of local groups with the help of U.S. organizations.

It is clear that a new, public structure is required that would allow and encourage those PVOs that are interested in government support for their activities to operate independently from AID, to play an appropriate support role in the Third World, and to provide a more enlightened basis upon which our policymakers and the larger donors can design assistance programs. While PVOs must be free from political interference in the receipt and use of their public (and private) funds, there is also a pressing need to establish a sound set of operational and project criteria for those utilizing these monies. This has been made critically important by the steady erosion of standards in a broad segment of the PVO community.

Greater independence among government-supported PVOs

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would also lengthen the rather short list of field-oriented organizations in this country willing to contribute constructive critiques of the U.S. foreign aid program. PVO staff operating in particular countries should be in a position to make known their own and local views of the overall AID program in those countries to the local AID missions, while their home office should be able to articulate a broader perspective, based on its more comprehensive field knowledge, in programmatic and policy circles in Washington.

To date, the quality of our aid has suffered for lack of ongoing independent appraisals of AID (and MDB) country programs. Larry Minear, a prominent church agency representative in Washington, reflecting upon the Sierra Leone road-building case, writes that responsible advocacy on the part of the participating PVO would have called into question the AID and Bank development strategy involved. Even NGOs not operationally incorporated into a project ". . . should be concerned about an export-cropping scheme which under the guise of development exposed small farmers . . . to the fluctuations of international commodity prices" (Minear, "Reflections," p. 31). There are far too few U.S. PVOs, however, that attempt to analyze and address the critical domestic and international obstacles to meaningful change.

Aid program officials, Congress, and the U.S. public would best be served by different types of information. If PVOs were to receive government support from an independent public institution, separate from the U.S. official bilateral aid program, perspectives and information on problems relating to host-country policies or U.S. aid could be taken to AID for consideration without fear of repercussions. The benefit of extending this advocacy role to the halls of Congress or to other public forums would have to be weighed, as a handful of U.S. PVOs do today, against the potential risks to the PVOs' status and relationships in host countries overseas.

A FOUNDATION FOR PRIVATE AND VOLUNTARY COOPERATION

A PVO foundation, established along the lines of the Inter-American and African Development Foundations, would be an appropriate institutional mechanism for the underwriting of the costs of all these activities. In structure and operation it should also draw strongly upon the Dutch and Norwegian models of government–NGO relations. Two decades ago, the Dutch government incorporated

four NGO mechanisms in a system to coordinate and publicly finance the efforts of Protestant, Catholic, secular and, later, humanist groups in Holland working in development overseas. Although these institutions now also (in fact, primarily) fund Third World organizations directly, they were initially utilized as independent intermediaries, funding up to 75 percent of project costs of Dutch groups meeting established criteria. A U.S. Foundation for Private and Voluntary Cooperation should operate as a single-unit version of the original Dutch concept, as the regional foundations could handle referrals of proposals that come directly from Third World organizations.

Combined financing of both PVO and local counterpart costs in joint activities should be an important element of the funding program, however, to encourage an assistance, rather than management, mode on the part of the participating U.S. organization. Decreased PVO involvement in project activities would be expected over time. To encourage local institution building and the phase-out of PVO involvement, program grants should be extended to those agencies that have demonstrated effectiveness in these areas. More flexible, longer-term funding would allow these PVOs to respond to requests for non-project assistance and to concentrate their activities in high-risk geographical areas that have little institutional infrastructure, as they would no longer have to rely heavily on individual project grants to finance their organizations.

Particular features of the Norwegian system should also be applied, in some form, to both project and program funding. As much as 100 percent of PVO and counterpart costs for project-related feasibility studies, local planning, local staff training, and evaluations might be covered by the foundation. A relatively modest contribution to home-office administration should be made to keep institutional style modest, as well; the preference here is for the payments to be made on a fixed, per-project, rather than percentage, basis to discourage unnecessarily large projects. Once effectiveness and commitment to local control have been established by a PVO over a sustained period of time and the organization qualifies for program aid, long-term support should be extended to cover operational costs, including approved staff positions for overseas work.

The foundation should be staffed by people with extensive work experience at the local level in the Third World and who are able to undertake comprehensive analyses of the societies in which they work as a basis for their programming. Like their regional

foundation counterparts, they would travel to the field to assess projects following the submission of proposals and as part of an ongoing monitoring and evaluation process. Alternatively, regional representatives could be located overseas to facilitate direct field contacts by PVO staff and the review of projects. In addition, they would also take the opportunity to consult with indigenous NGOs in order to keep informed about local development needs. They would complement that learning with regular exchanges with regional foundation staff.

Such broad field exposure would also enable staff to play a constructive role as an intermediary among PVOs and between them and local organizations. They should assume the potentially important role, for instance, of recommending particular U.S. PVO assistance to local organizations seeking help. The adoption of such a process as foundation policy might help diminish the incidence of PVOs creating project opportunities more out of their own need than that of poor populations. At the same time, foundation staff could encourage PVO collaboration to help overcome local developmental obstacles that face indigenous NGOs but that cannot be tackled by any one organization. Such action could include the sharing of diverse institutional expertise, the bringing together of atomized local groups, the building of local institutional and small-scale physical infrastructure, and the enhancement of local NGO access and capacity to influence government program and policy planning and implementation. PVOs working in the same country or region might also be encouraged to integrate some of their project review, training, and evaluation functions for the purposes of learning and greater field effectiveness. The Ecumenical Working Group on Africa, established in 1985 by six U.S. religious PVOs, has been exploring such relationships and support for some such activities.

The institution would make grants and loans to U.S. PVOs and local counterparts in accordance with strict criteria that stress the local initiation of projects, the building of institutions, and the devolution of management to local control. Without appropriate funding criteria, established in the authorizing legislation, there is no assurance that PVO independence from AID would improve PVO accountability. Political manipulation of the board, which has been attempted in the cases of the regional foundations, or a growing influence of the PVO community over the governing body, which is not unlikely over time, could serve to soften funding criteria

considerably. This has been the experience of the PVO funding consortium, Private Agencies Collaborating Together (PACT), whose U.S. member PVOs are potential grantees and also dominate its board. Neither the staff nor a project selection committee has had firm enough funding criteria with which to combat growing PVO self-interest and the eventual encroachment of AID, which, as PACT's virtually sole funder, has controlled the purse strings.

Hence, a minimum set of fixed project criteria, with strong operational implications, must be established. The following are suggested as a start:

1. All project ideas should originate from local base groups or from indigenous representative or support organizations that work directly with poor communities.
2. In those cases in which there are no such groups or institutions in a particular area or in cases in which U.S. PVOs have limited, sector-specific skills to offer, soliciting PVOs should demonstrate that they have spent extensive time in consultation with poor communities determining true needs before establishing their own programs and should demonstrate commitment to building the local institutions that can assume their role over time.
3. Projects should be designed to provide benefits directly to those with the least access to resources in the area in which the projects are being implemented and should be equally responsive to the needs, aspirations, and activities of all sub-groups in the beneficiary population, particularly women.
4. Project support should be oriented to the strengthening of local organizational capacity and community or group cohesiveness; to the enhancement of beneficiary involvement in decisionmaking; to increasing the leverage of local beneficiary groups to expand their access to, and control over, resources critical to their advancement; and to helping these groups to restructure their economic and social relationships with other groups in the population.
5. No less than 25 percent of project costs should be covered by soliciting PVOs with funds from non-governmental sources, and project financing should not increase the foundation's total contribution to a PVO's annual program budget to over 50 percent of that budget.
6. Soliciting agencies should submit to the foundation a general plan for the devolution of project management to local partner organizations or staff where and when capacity exists and for the

›hasing out of their own project involvement.

7. Salaries and working conditions of staff and management of gencies soliciting funds should be consistent with the nature of the .nti-poverty work of the PVO community, the principle of ıarrowing the economic gap between the rich and the poor, and he need to establish equitable relationships with partner agencies.

These criteria are recommended with the knowledge that many J.S. PVOs would have difficulty qualifying at first for project support without undergoing substantial internal reform. Indeed, the purpose of the criteria would be precisely to promote that reform, and the foundation should have the tools with which to assist those seeking federal funds to make the necessary modifications over time. It is anticipated that a fair application of these or similar criteria would bring about a meaningful and smooth transformation in the PVO community over the long term toward greater responsiveness and a more supportive posture vis-à-vis local organizations.

As part of this process, the foundation should provide a forum for in-depth discussions about important development issues and PVO operations in particular countries. Foundation staff would be in a position to stimulate the PVOs to analyze their own and one another's respective programming. This would be a major contribution on the part of the foundation, as today there is little questioning of PVO approaches and performance within the community. Another contribution would be the use of such a forum for an interchange of views between U.S. and Third World NGOs.

A final function of a PVO foundation should be the encouragement and financing of development education work by the organizations whose field projects it funds. The focus of these educational campaigns should be the development process overseas and not the need for greater levels of aid. In fact, from the forum discussions on development issues would ideally emerge an awareness among the PVOs that their public treatment of the aid issue must educate Americans about the need for quality development assistance. The U.S. public has rarely been treated to a critical analysis of the bilateral and multilateral aid programs by the very organizations that work closest to the ground overseas. According to Minear, "[g]lobal education . . . involves a strong critique of current economic and political arrangements, institutions, and systems, both here and abroad" (Minear, "Reflections," pp. 30–31).

John Sommer, in his 1977 book on PVOs, stresses the responsibility that field-based organizations have to educate the U.S. public:

> It is because development *is* politics, both at home and abroad, that the need for citizen awareness is so urgent. And it is because the U.S. voluntary organizations are as familiar as any American groups with the grass-roots realities of the Third World that their role is critical. Just as the past tendency to ignore political considerations led to the failure of trickle-down approaches to ameliorate Third World poverty, so too will the failure to realistically present development issues to the American constituency perpetuate this sense of unreality and undermine, in the long run, the agencies' credibility in development. To the extent the simplistic sad child image is promoted, the more likely is the U.S. public to wonder why billions of dollars in past aid commitments have not served to stem the tears. Rather, the public must be honestly told the very long-term nature of the problem, the real impediments to change, and the modest—yet still potentially rewarding—progress that has been and can be observed in many areas.

He concluded with regret that PVOs were not more willing ". . . to stand up and be counted on their principles, especially where public education is crucial," and that "the American people are sufficiently sophisticated to appreciate honesty when the facts are properly put before them" (Sommer, *Beyond Charity*, pp. 138–139).

More than a decade later, little has changed. Brian Smith contrasts the difference today between Canadian and U.S. development education efforts among field-based groups:

> Another major difference between Canadian and U.S. PVOs is how they define their missions to their respective home populations. Canadian PVOs, much more so than their U.S. counterparts, since 1968 have considered a large part of their work to be educating the Canadian public about the causes of underdevelopment abroad and encouraging Canadians to support activities with peoples in the Third World, including the establishment of networks of communication, intercultural exchanges, and pressure on governments. From 2 to 20 percent of the total budget of Canadian PVOs supporting programs overseas is now allocated to this education/advocacy function at home. . . . Moreover, the Canadian International Development Agency (CIDA)—the foreign aid arm of the Canadian government—through its Public

> Participation Program (initiated in 1971) now allocates nearly $6 million annually for development education by PVOs (as compared to $1 million by AID) . . . (Smith, pp. 130–131).

Smith notes that only two of the fifteen U.S. groups he interviewed in his survey had given attention to the type of development education emphasized in Canada and in much of Europe. While the greater open-mindedness of the official Canadian and European aid agencies is a factor here, much of the blame for the poor showing in this area must rest with U.S. PVOs themselves. A new foundation, in developing criteria for the funding of development education activities, should consider making some project financing contingent on the execution of responsible educational work.

To achieve the purposes laid out here for a PVO foundation, the institution must have a strong and capable board of private- and public-sector Americans (appointed by the President) and a mechanism for receiving Third World grassroots input and incorporating it in decisionmaking. As U.S. law prohibits non-U.S. citizens from serving on the governing board of a public institution, it is strongly recommended that an advisory council composed of representatives of Third World NGOs be established. The board of directors could and should also include Third World representation, preferably in the form of a former leader of a Third World NGO, who has since become a U.S. citizen. Four other positions should be filled by representatives of the new bilateral aid administration and the three regional foundations to ensure the transfer of learning. A representative from the PVO community and an independent citizen knowledgeable about development would complete a seven-person board.

Alternatives to this model might include the establishment of a PVO funding mechanism as a unit of a new, autonomous Administration for International Development. A shortcoming of such a structure would be that, while the new AID would be less wont to politicize PVO financing than is AID today, some PVOs might still feel compromised in their development policy and education work by their dependency on AID for funding. A private foundation with public funds constitutes another option. In all probability, however, such a foundation would experience the same problems as has PACT, which was established on a similar basis. Left to PVOs to establish, the foundation's board would likely reflect the interests of the organizations seeking funds and thus compromise the organization's objectivity.

RECOMMENDATIONS

1. U.S. PVOs should support the emergence of indigenous organizations and the priorities determined by beneficiary groups, strengthen local organizational structures, educate the large donors about alternative aid channels, and advise program officers, policymakers, and the public in the United States of the effectiveness or counterproductiveness of the programs and policies supported by these donors.

2. PVOs should help steer large donor support away from unresponsive and ineffective agencies and toward effective local organizations representing the interests of marginalized people.

3. PVOs should help establish mechanisms in Third World countries for the purpose of channeling local perspectives in a systematic fashion into the planning and policy formulation of AID and other donor agencies. PVOs have a responsibility to help local NGOs leverage changes in programs and policies that affect the latter's constituencies in their respective countries. A joint PVO–AID initiative is required to facilitate popular participation in national and local-level planning.

4. There should be established a formal structure through which PVOs would be encouraged to channel, to AID, field-based information, perspectives, and concerns related to host-country policies and U.S. assistance for purposes of monitoring and improving the quality of the bilateral program.

5. There should be established a new Foundation for Private and Voluntary Cooperation that would enable and encourage those PVOs that are interested in receiving government support for their activities to operate independently of AID. The foundation should be an independent government corporation, directed by a board consisting of the presidents of the new bilateral aid administration and the three regional foundations; a former head of a Third World NGO who is now a U.S. citizen; a representative of the U.S. PVO community; and an independent citizen knowledgeable about development. Additional Third World input would be ensured through the establishment of an advisory council composed of representatives of Third World NGOs.

6. The foundation would make grants and loans for the projects of U.S. PVOs and give priority in its financing to the joint activities of PVOs and local counterpart organizations. An assistance rather than management posture on the part of U.S. groups would thus be encouraged. Proposals arriving directly from Third World

organizations would be referred to the regional development foundations, except in special circumstances.

7. The foundation should support only those PVO projects that develop from the ideas of local organizations that assist poor communities or, in cases in which such organizations do not exist, from direct PVO consultations with poor communities. Soliciting agencies should submit to the foundation a general plan for the devolution of project control to their local staff or to local partner organizations.

8. To receive support from the foundation, projects should provide benefits directly to those with the least access to resources, enhance the control of the poor over their own development, and strengthen the capacity of their organizations.

9. At least 25 percent of the costs of any submitted project should be covered by contributions from private sources, and the foundation should provide not more than 50 percent of the PVOs' annual program budget. The salaries and operating styles of the PVOs receiving foundation support should be modest.

10. The foundation should assist PVOs seeking its funds to make the necessary modifications over time so that they can satisfy the proposed conditions more consistently and should help the PVO community to adopt a more responsive and supportive posture vis-à-vis local organizations.

11. To encourage local institution building and PVO phase-out, program grants should be extended to those agencies that have demonstrated effectiveness in these areas. More flexible, longer-term funding would allow these PVOs to respond to requests for non-project assistance and to focus their efforts on high-risk areas that have little institutional infrastructure.

12. The foundation should cover as much as 100 percent of PVO and counterpart costs for project-related feasibility studies, local planning, local staff training, and evaluations.

13. The foundation should be staffed by people with extensive experience working at the local level in the Third World. They should travel to the field regularly to assess projects or be located overseas to facilitate direct field contacts by PVO staff.

14. The foundation should play an intermediary role in recommending particular U.S. PVO assistance to Third World organizations seeking help and in encouraging PVO collaboration for the purpose of addressing locally defined development constraints beyond the capacity of individual PVO action. PVOs working in the same country or region might also be encouraged to

integrate some of their project review, training, and evaluation functions.

15. A forum should be established at the foundation for PVO discussions of development issues and for PVO analyses of their respective programming and operations. Meetings among U.S. and Third World NGOs should also be arranged.

16. Development education efforts that address development processes overseas, the quality of development assistance, and the role of the United States in the Third World should be encouraged and supported. Some project funding might be made contingent on the establishment of such a program.

PREPARED STATEMENT OF SHARON CAPELING-ALAKIJA, DIRECTOR, UNITED NATIONS DEVELOPMENT FUND FOR WOMEN (UNIFEM)

I. INTRODUCTION

Mr. Chairman, distinguished members of the US Congress,

I am pleased to have the privilege to testify before this prestigious audience. At the same time, I would also like to express my deep appreciation for the continuous support given to UNIFEM by the US Congress and the various initiatives and legislations to promote international and widespread recognition of women as central to the development of their countries.

II. CONTEXT

The context in which UNIFEM is working is marked by an environmental degradation and by an economic decline which are having devastating effects on all countries big and small. This compels us to identify strategic development concerns that can be translated into activities that safeguard the interests of coming generations.

Lester Brown of Worldwatch Institute suggests we are feeding ourselves at our children's expense by ploughing up land that is vulnerable to erosion.

Moreover:

- The world grain production per capita has fallen by 14% over the past four years. This year it is expected that world grain consumption will exceed production by some

150 million tons (an unprecedented shortfall in the history of nutrition). Examples:

- India's reserve stocks are exhausted and it has had to start importing grain once more;
- Soviet Union will have to import over 40 million tons which will complicate matters for poorer grain-buying countries;
- dramatic drops in US production from 345 million tons in 1985 to only 190 million tons in 1988.

- The litany of environmental disasters continues. Examples:
  - loss of topsoil: US 3 billion tons; India 5 billion tons; Ethiopia 1 billion tons.
  - inexorable march forward of the desert (6 million hectares of land each year);
  - deterioration of natural pastures;
  - dramatic falls in groundwater levels particularly US and northern China;
  - disappearance of tropical forests at a rate of 11 million hectares a year;
  - damage resulting from poorly designed irrigation schemes; overuse of chemical fertilizers polluting groundwater, adverse climatic changes - warming of climate; damage to ozone layers causing damaging exposure to ultra violet rays.

- The population pressures continue to force the issue of how to produce more food on less land while at the same time maintaining soil fertility, protecting the environment and guaranteeing farmers a fair income.

- Because of changing climatic conditions, we can no longer be confident of continued growth in food production.

- In view of the present situation, the world's food security in the 1990's will hinge above all on whether or not we can curb and then stop the terrifying population explosion which is ruining what chances there might have been of raising standards in the great majority of the poorer countries.

III. WOMEN

- Poverty affects a disproportionate number of women - in virtually every country there are more women at the lowest levels of income and generally households headed by women are among the poorest.

- Women are often employed in work that yields low economic returns and even where they do similar types of work, women generally earn less than men.

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- Poverty places a particularly heavy burden on rural women because of their dual role in the economy at home and in the work force.

- While the role of women as wives and mothers is frequently acknowledged, their economic contribution remains uncounted.

- An often overlooked feature of Third World agrarian systems, particularly in Africa and Asia, is the crucial role played by women in agricultural production. In Africa, where subsistence farming predominates and shifting cultivation is the primary method, nearly all tasks associated with subsistence food production are performed by women.

- As custodians of the food system women produce, process, transport, store, market and cook the food; in sub-Saharan Africa they produce 80% of the food (ranges 50-80% in various regions).

- In addition to their role in the food system, women often transport water, search for fuel, tend small livestock, and take responsibility for protecting the family's health.

- It has been demonstrated that in households where the woman has five years of primary education, child mortality and

morbidity decreases and acceptance of family planning increases.

- Yet, despite a great deal of talk over the past decade, little has been invested in making their work more productive or in reducing their burdens; policy makers seem to have difficulty in recognizing that there are two genders and that in many parts of the world it is women who are central to the struggle to end hunger.

- Women can be the agents for meaningful development and food security in the future only if their productivity can be increased. Inputs such as technology, training, resources, decent prices are necessary, but they are not sufficient. For such resources to be effective in increasing productivity, they must be coupled with strategies to lessen the burden of the women farmers and reduce the energy spent on other time-consuming chores.

- Hunger will end only if there is no breakdown in the various steps of the food chain including:

  . **Production and Distribution of Agricultural Inputs**
  There are five major women's issues: First, women receive little technical assistance or technology. Second, women have limited access to land. Third, women have limited access to credit for improving agricultural

input. Fourth, extension services tend to focus on male crops. Fifth, scarcity of water increases women's burdens.

- **Planting and Cultivation**
  Women do 50% of the planting as well as 70% of the weeding and hoeing in various regions. Greater emphasis on technology related to these tasks is needed.

- **Harvest and Storage**
  An international range of 60% of food harvesting and 80% of food storage activities are performed by women. Low-cost food storage facilities are a critical step forward.

- **Farmgate Marketing of Food not Retained for Family Consumption**
  The majority of this work is done by women. They need training, education and access to marketing coops.

- **Distribution to Food Processors and Food Processing**
  In various developing countries, women perform 90% of food processing. To maximize their income, and also the availability of food, they need greater access to research and processing technologies.

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. **Distribution to Retailers and Retail Marketing**
As agricultural producers, women need access to credit, markets and marketing services.

. **Home Preparation and Distribution of Food**
Emphasis should be placed on alternative energy sources, access to water, basic education, sanitation, hygiene and overall health nutritional status. Strategies are needed to eliminate water-borne diseases and to provide latrines and wells.

- From relevant experiences of UNIFEM (Grain Mills; Fish Smoking; Small Dairy Farming Cooperatives; Access to Improved Food Production Technologies and Marketing Opportunities; Water), we learn that:

. any development which adds to woman's workload will fail unless labour-saving technologies are also introduced;
. aid to women farmers is key to food security;
. project success depends on what view project planners and implementors have of women. Seeing them as full partners and not simply as a vulnerable group is key to success.
. The food security effort must be based on recognition of women's multiple roles.
. food, water, health, renewable energy and labour-saving technologies are linked. One without the other cannot

represent a comprehensive approach.

- there must be shifts in the division of labour so men and women more effectively share the burden.

IV. NGOs

As the aid failures of 1970s the - 'Second Development Decade'- mounted and a private sector orientation became more fashionable in development thinking, eyes began to turn towards NGOs. There was, however, a lack of real knowledge and understanding of the relative importance of NGOs and of the fundamental features of NGOs; their priorities, performance and their relationship with other forces in the development process. Nevertheless:

- NGO field orientation grassroots approaches flexibility, focus on community participation, local leadership and self reliance gave them a comparative advantage in many areas critical to the development process.

- Their costs are lower, work directly with the poor, and assure their needs are taken into account.

- They have a capacity to work far from the beaten track, in poor inhospitable regions, in war zones, in politically sensitive areas, in emergencies.

- They respond quickly, have pioneered innovative and experimental approaches in public health, community participation, appropriate technology, non-formal education and in work with women.

- They play a vital role in the development of an informed, concerned and positive constituency for aid programs and in advocating the rights and roles of women.

- They can be an inexpensive and effective means of delivering ODA to the poorest of the poor, especially through people oriented strategies for sustainable development.

- NGOs can play a critical role in mitigating the adverse effects of structural adjustment programs.

V. NGOs and Women

Because NGOs have a practical association at the grassroots level with what women farmers do, they can play a significant role in directing aid through programs specifically designed for women. Incorporation of hitherto neglected sectors of the population into mainstream development, requires special instruments.

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Identifying women as agents of development and targetting them as specific beneficiaries is important because it:

- gives visibility to the issue
- creates models
- serves as a catalyst
- ensures that specialized expertise or financial incentives are applied directly to the problem
- brings additional and specialized resources
- serves as a corrective mechanism to offset years of neglect
- serves as research and development for larger scale mainstream development projects
- focusses directly on the constraints facing women and their underlying causes
- gives a sense of immediacy
- provides a culturally acceptable way of reaching women in some situations
- helps to position women (skills, experience, confidence) to participate more effectively in mainstream development.

VI. NGOs and the Integration of Women and Food Security

1. Policies for NGOs:

- Policies are required that will integrate women into all

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- aspects of decision making, planning, implementation and evaluation

- Policies should aim to broaden and strengthen the institutional base of rural women (i.e. support for local organizations and institutions)

2. Program Areas:

- Program design should be monitored to ensure that it not only responds to practical needs as defined by the women themselves but does so in a way that meets their strategic needs (participation in decision making, fairer distribution of work burden)

- At each stage in the food system promote on site education, vocational training, skills development, access and control over technologies, and awareness of environmentally sound methods;

- Programs must ensure that women acquire the following:
  - Management experience
  - record keeping skills
  - pest control awareness
  - improved storage facilities
  - appropriate technologies for weeding, planting, harvesting, processing

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- access to and control over credit
- fuel-saving stoves
- child care facilities
- ownership of land and security of tenure
- extension services
- fertilizers and other inputs as appropriate

- Educating girls and women and raising their social and economic status must be the key to family planning activities

- Community health programs should not be based on free labour from women; they should attack root causes of poverty and the lack of awareness, of which poor health is symptomatic

- Organizational development should include:
  - training for monitoring and assessing the impact of programs on women
  - workplanning and review of implementation by staff, providing incentives and/or sanctions with regard to performance on WID
  - collection of sexually disaggregated data for program decision making
  - fair personnel policies for women
  - provision of useful implementation tools (workbooks,

guidelines, models, case studies, etc.)

In conclusion, to date, progress in achieving quantitative and qualitative improvements in the status of women has been partial, slow and inadequate. We have seen a triumph of rhetoric and tokenism over substantive change. Development, to be effective, must involve and benefit both men and women. Thus the integration of women into the development process is an economic imperative as well as a social equity goal.

SOURCE BOOKS

1. **"Food Cycle Technology Source Books"** (Processing of Fish, Vegetable, Cereal, Oil Extraction), UNIFEM/WAFT, New York

2. **UNIFEM Regional Frameworks**

   a. The African Investment Plan (AIP) which is developed in line with the provisions of the Lagos Plan of Action (1980), the African Priority Programme for Economic Recovery (APPER - 1985), and the United Nations Program of Action for African Economic Recovery and Development (UNPAAERD - 1986), with a priority on collective food self-reliance for the region;

   b. The Participatory Action Plan for Latin America and the Caribbean (PAPLAC) based on indepth analysis of country conditions and the situation of women in rural and urban areas;

   c. The Asian and Pacific Development Strategies (APDEV), which has identified human resource development, participation, agriculture and food security, environment and industry as strategic development concerns of the region which define a framework for women's in development.

3. **UNIFEM Occasional Papers**

   - Fighting the African Food Crisis: Women Food Farmers and Food Workers, by Gracia Clark;

   - Studies on Agricultural Extension involving Women, by Teresa Spense;

   - Women, Technology and Rural Productivity, by Marilyn Carr and Ruby Sandhu;

   - Profiles of Women Agricultural Producers: A Tool for Development Planners - Sudan Example, by Susan Holcombe;

4. **A Guide to Community Revolving Loan Funds** - The Guide, for use by local communities, raises questions on what a credit fund is, how it can be used and cannot be used and how to identify local persons and other resources to assist groups in making use of revolving loan funds. (English/French/Spanish/Chinese/Arabic

ii.

5. **Advocates for African Food Security - Lessening the Burden for Women's Information Materials:**

   - Reports of its three symposia - 1986, 1987, 1988 - NGLS/New York

   - "Case Studies from Africa: Towards Food Security", NGLS/New York, 1987

   - "One Day in Her Life" - A day in the life of an African Women Farmer, NGLS/New York, 1987

PREPARED STATEMENT OF HENRY R. NORMAN, PRESIDENT, VOLUNTEERS IN TECHNICAL ASSISTANCE, ARLINGTON, VA

Mr. Chairman and Members of the Committee:

I am Henry Norman, President of the Volunteers in Technical Assistance (VITA). VITA is a nonprofit, private voluntary organization that works in international development. I am honored to inform you about VITA and our programs in food production and processing in several developing countries.

VITA was founded in 1959 by scientists, engineers, and business experts interested in sharing their knowledge and experience with individuals and groups in developing countries. Since 1979, VITA has managed several projects in developing countries which deal directly with food production, food processing and related business enterprise development. VITA also manages a technical information service which responds to more than 1000 requests each month from individuals and groups in developing countries; 49 percent of the inquirers seek information about agriculture and food processing. VITA has other programs which are described in the attachments.

Today, I wish to inform you briefly about several food projects we currently manage in developing countries. I also wish to offer for your consideration some comments about the utilization of Private Voluntary Organizations in U.S. Foreign Assistance.

Agricultural Assistance to Afghanistan

VITA started this project two years ago, with three year financing of $4.0 million from the Agency for International Development (AID). Its purpose is to rehabilitate agriculture after years of war and deterioration. VITA's program is designed to take advantage of the infrastructure remaining in Afghan agriculture and to try to fill in the gaps created by a decade of war and the flight of almost five million people from the country.

VITA's program, therefore, includes both a technical component and an institution-building element. The latter seeks to create a structure through which the various Afghan political parties and other organizations may cooperate for the most effective use of the resources the program makes available. Technical assistance includes providing tools, seeds, livestock, fertilizer and insecticides necessary in modern agriculture. Irrigation facilities, roads, bridges and culverts are also being rebuilt or

repaired.

Regular radio broadcasts, using VITA's extensive data base and volunteers, disseminate advice on topics of interest to farmers. VITA volunteers are designing equipment to meet specific conditions or identify manufactured equipment that responds to specific needs.

Central African Republic (CAR) Post Harvest Food Systems

This project was initiated in 1984 and will be completed by September of 1989. It is based on a cooperative agreement between AID and VITA for $3.7 million, of which $0.5 million is subcontracted to Africare.

The goals of the project are to increase food availability in the CAR by improving postharvest storage and food processing methods, to raise small farmers' incomes, and to contribute to the improvement of nutrition.

Anticipated project results include: 1) a baseline study providing detailed information on the extent and nature of losses prevalent to postharvest food systems; 2) improved village technologies in the areas of storage and processing of food; 3) the development of replicable training and extension activities; 4) the development of a system for monitoring and evaluating technologies introduced; and 5) an increase in public awareness of postharvest problems.

Toledo (Belize) Agricultural Marketing Project

This VITA-AID project, begun in 1988, is a two and a half year $1.7 million effort. Its purpose is to improve the standard of living of small farmers by providing technical assistance in the production of diversified cash crops, with particular emphasis on the production of crops for export. More specifically, the project focuses on the production of cacao as well as other viable cash and food crops in the Toledo District of southern Belize.

The project involves the improvement of production and post-harvest methods; the establishment of a local marketing/input supply store; and the encouragement of participation by women in the process. The project involves the collaboration of the Hershey Foods Corporation in the design of technical training programs.

Sudan Regional Finance and Planning Project, Darfur Region

VITA launched this two year program in late 1988, in Darfur Province, Sudan, under a $1.9 million cooperative agreement with AID. The project provides technical assistance in the areas of

agroforestry, water-point rehabilitation, selected construction activities, and other crafts. In addition to providing technical assistance, VITA will assist in the identification, implementation, financing and management of local projects. VITA will work to promote private sector involvement as well as to encourage the participation of women in all project activities.

VITA will collaborate with other international private voluntary organizations and with indigenous groups working in neighboring provinces.

Resource Access Program for Rural Women In Zambia

VITA's program to assist the rural women of Zambia to increase food availability is privately funded. Funds for the first phase of this project in which VITA is collaborating with the Village Industry Service, a Zambian non government organization, were provided by the William Penn Foundation, the Fund for Multinational Management Education and the National Cash Register Company.

The project started in early 1986. First phase activities included: 1) the provision of technical assistance and training to VIS in the areas of agricultural extension and administration; 2) the selection of the geographical area and appropriate technologies; 3) the establishment of working relationships with 30 women's groups in the area selected; 4) the design of second phase activities; and 5) the testing and extension of selected technologies.

The 24-month second phase of the project requires $300,000, which is now being raised. It will include the development of small scale rural industries owned by women and financed by a rural credit system. VITA will continue to provide technical assistance, training and information to VIS during this phase.

Private Enterprise Development in Chad

This project began in 1984 as one of several AID funded refugee resettlement efforts in this war and drought ravaged nation. The project assists the expansion of small business with loans, managerial assistance, and technical information.

In Phase One (Jan 1984 - Feb 1987), AID provided $1.54 million, AID-Sahel provided $138,000 and an additional $307,000 through PL480 local currency; $538,000 was set aside for loans. In Phase Two, AID provided $1.2 million, USA for Africa provided $124,000, and an additional $600,000 (est) in PL480 local currency funds are expected; $123,000 is set aside for loans.

The VITA program operates in N'Djamena, the capital of Chad and its nearby rural environs. Small businesses that have received

VITA assistance include food production and processing, metal working, transportation of goods, other fabrication and various service enterprises.

As the brief descriptions above illustrate, VITA has considerable expertise in foreign aid food projects. VITA programs focus directly on the needs of rural and village people who are also integrated into the programs. I would be pleased to provide greater detail about each of these projects.

RECOMMENDATIONS FOR CONSIDERATION BY THE HOUSE SELECT COMMITTEE ON HUNGER

The following comments are offered in a spirit of improving what I feel is essentially a good working relationship between PVOs and U. S. Foreign Assistance programs. My recommendations are by no means exhaustive. I recommend, however, that the Committee consider these comments in its deliberations. I would be pleased to provide additional information about these recommendations.

1. Private Voluntary Organizations such as VITA play a major role in U.S. Foreign Assistance Programs. AID, the World Bank, and the developing nations themselves need the assistance of experienced PVOs sensitive to the political and cultural realities of individual countries, and with the professional skills and experience required by the tasks.

2. A major strength of PVOs is their grass roots orientation; they work directly with the people concerned. Government to government programs are also important, obviously, but PVOs can provide very useful insights to U.S. Foreign Assistance officials.

3. All PVOs are not the same. Some are large; some are small. Some are old; some are new. Some are multi-program oriented, such as VITA; others focus on only one program area. Some have experience in many countries, such as VITA; others have experience in only one country. Some PVOs are capable of competing successfully with major consulting corporations active in foreign aid; others are not. The point of all of this is, they should not all be treated as though they are the same. U.S. Foreign Aid programs should consider these differences when contracting with PVOs; for example, small, inexperienced PVOs might require more administrative controls than larger, more experienced PVOs.

4. The impact of projects performed by PVOs in U.S. Foreign Assistance Programs should be evaluated on a regular basis, with an aim at replicating success and avoiding repeated mistakes.

5. Authorization levels for expenses, amendments in the scope of work, and related activities should be established realistically; every decision doesn't merit review with consequent loss of time and expense. The specific PVO and the skills of the project manager should be given consideration. There are times when the original scope of work needs amendment in a very timely way since food projects are seasonally oriented, and an experienced manager should not be burdened with the need to seek authorization for relatively minor expenses or work plan changes.

6. PVOs that have managed projects for U.S. Foreign Assistance Programs should have input into long-range planning for foreign aid in those countries or areas in which they have experience. PVOs have a great wealth of information that can help to prevent duplication of effort or unsuitable courses of action.

7. There is room for increased coordination and collaboration between PVO projects in the same country or in regions.

8. Some U.S. Foreign Aid projects are long term by their very nature, but they are sometimes funded only in one - or two - year stages. Managers and project employees would work more cost effectively if they had assurance of 1) continued funding for subsequent stages, and 2) that contractors would not be changed. The time, money and other costs of changing contractors mid-stream, so to speak, can severely damage programs.

9. Given the success of many PVOs in U.S. foreign aid programs, the special budget for PVO contracts should be reviewed and, if warranted, increased.

Thank you sincerely for your attention and consideration. I will be pleased to provide the Committee with additional information about VITA and the role of PVOs in U.S. Foreign Assistance programs.

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